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Critical Links:

Employment Growth, Unemployment,

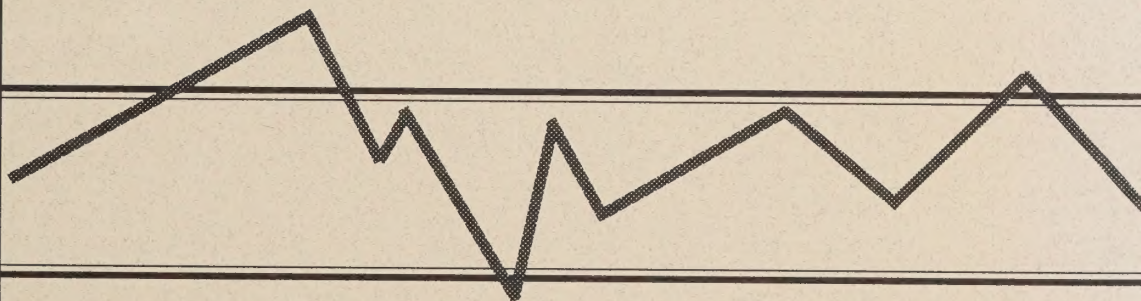
and Welfare-to-Work in

Stanislaus County

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November 1998

The Center for Public Policy Studies at CSU, Stanislaus is a non-profit, non-partisan entity dedicated to research and public education about important policy issues and to providing a forum for discussing public policy issues with community representatives, academics, and policy makers in the CSU Stanislaus service area. The center is committed to facilitating regional and community problem-solving through activities and research projects that bring together diverse constituencies and perspectives to clarify issues, consider options, and build consensus.

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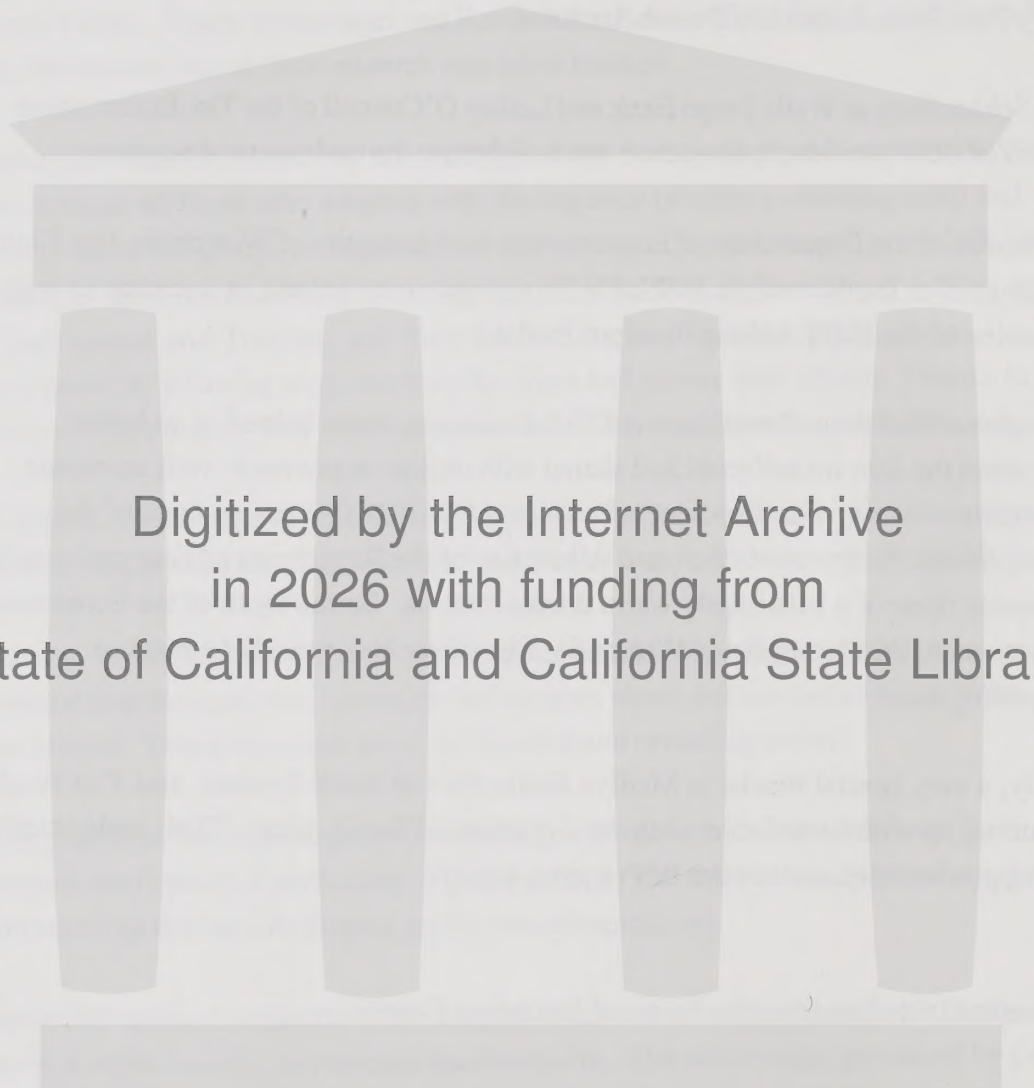
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This report is dedicated to the future of Stanislaus County.



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■ *Executive Summary*

The Stanislaus County Board of Supervisors asked the Center for Public Policy Studies at California State University, Stanislaus to conduct a study that probed the sources and effects of employment growth and unemployment. The Board also authorized the Center to examine the challenges and opportunities associated with welfare-to-work, a core program in welfare reform. This report -- *Critical Links: Employment Growth, Unemployment, and Welfare-to-Work in Stanislaus County* is the product of the Center's efforts.

Critical Links addresses the conventional wisdom about Stanislaus County, and explores long-term patterns of employment growth and unemployment, economic impacts of industrial employment, detailed characteristics of the unemployed and welfare populations, local assessments of barriers to employment, and the scale of the underground economy. It also analyzes the "anomaly of high unemployment," an outcome of the apparently contradictory effects of two local economic indicators: relatively high wage and salary employment growth rates and concurrently high unemployment rates. The findings and conclusions establish a framework for policy options presented to the Board of Supervisors for its consideration and review.

While the anomaly of high unemployment has persisted over time, its underlying components have changed in response to long-term shifts in the Stanislaus County economy. The most rapid and large-scale employment growth has been in the service producing sector, especially in personal services and retail trade. Broader structural changes, including automation and reorganization, have slowed the rate of job growth in manufacturing and agriculture. Not only has the share of seasonal employment in nondurable goods manufacturing declined, but the number of seasonal jobs in other industries, each with its own seasonal dynamics, has grown. In contrast, the state and Bay Area reference counties have experienced an economic restructuring based on information and knowledge that has fundamentally redefined their labor markets.

The effects of these developments locally have been far-reaching. With the exceptions of agriculture, manufacturing and their support activities, job growth has been largely population driven, and the population increases that have occurred have been based largely on housing affordability and other non-job considerations. Changes in patterns of seasonal employment have tended to reduce the volatility of month-to-month unemployment rate changes, but they also have produced, together with non-seasonal factors, relatively high levels of unemployment during the typically highest employment months.

The end of the 1970s and beginning of the 1980s represented a key transitional period in Stanislaus County that also was marked by changes in the labor force. Both the labor force participation rate and the employment to population ratio declined noticeably between 1977 and 1982.

Stanislaus County's unemployment picture has not improved as a result of these changes in the labor market. Prior to 1980, the unemployment rate during the highest employment month often matched or dropped below the state unemployment rate. After 1980, unemployment rates have been higher than those in the state every month of every year.

Indicators of socioeconomic well-being since the late 1970s reveal widening gaps between Stanislaus and other counties in the northern San Joaquin Valley, on the one hand, and the state and Bay Area reference counties, on the other. Earnings and income levels have lagged, a lower proportion of working age persons has been in the workforce, women have been less likely to work full-time and year-round, and improvements in educational attainment levels have not kept pace. Moreover, long distance commuting has increased significantly, a consequence of fast-paced population growth and migration from the Bay Area.

Stanislaus County has an economy and population with characteristics associated with higher levels of underground activity. The size of the underground economy in 1997 was between \$919 million and \$2.3 billion.

The fast-growing service and retail sectors of the Stanislaus County economy have contained jobs with lower earnings while slower growing industries such as manufacturing have had higher paying jobs with benefits. These patterns, which have affected income levels, also must be viewed in light of the impacts of industry

employment. Food processing and agriculture combined account for close to one-third of the dollar value of total industry output. Among all industries, food processing has the highest employment multiplier.

The welfare reciprocity rate (the percentage of the resident population receiving welfare payments) has been consistently higher than in the state and Bay Area. Although welfare caseloads and persons have dropped during the 1990s, the reciprocity rate has not changed perceptibly over the past decade. At the same time, however, the percentage of all recipients who are children has surpassed 70%.

Surveys of employers, social service providers, the unemployed, and social service recipients indicate that lack of skills and relatively low educational attainment levels are the key barriers to employment. At-risk respondents stress technical skills while employers and providers also are concerned about basic skills, interpersonal skills, work ethic, and thinking skills. All groups concur that more job training is needed.

Welfare recipients believe affordable child care and transportation are the two most formidable barriers to employment, but they also cite inadequate clothing, disabilities/ill health, no telephone, and inadequate experience as obstacles. Both welfare recipients and the unemployed stress difficulties with English and lack of information about jobs. Social service providers also cite behavioral and attitudinal problems.

The records of the unemployed, welfare recipients, and PIC training applicants show that racial and ethnic minorities and those with lower educational attainment levels are more likely to depend on these programs. Yet, when the unemployment records are adjusted for those who are likely to be recalled to work, the overall numbers, as well as the number of high risk group members, drop sharply.

There are discernible differences between the unemployed and welfare recipients. The latter have lived in Stanislaus County a shorter period of time, are younger, are more likely to be female, are more likely to have young children at home, have lower educational attainment levels, have a less secure and more intermittent work history, and have a less stable family structure.

There are ZIP codes (especially 95351 and 95350) and neighborhoods that contain large concentrations of the unemployed, welfare recipients, and PIC applicants.

There is no simple or single explanation for unemployment and relatively high unemployment. The reasons cover a range of factors, including relatively low skill and educational attainment levels, other structural and personal employment barriers, advances in workplace technology, the growth of less secure population driven jobs, seasonal and temporary jobs, temporary periods of surplus labor, the presence of younger age cohorts in the labor force, cyclical changes in the economy, and lagging job growth for the better educated and more highly skilled.

No single public policy or program will guarantee desired levels of unemployment, job growth, and employment for TANF recipients. Policies should seek to improve employability and create employment opportunities, have short-range and long-range components, encourage public sector and public-private collaboration, increase the number of stakeholders and channel the participation of “civic entrepreneurs,” cultivate community-building, provide both pre-employment and post-employment services, recognize the differences between welfare recipients and the unemployed, and enable people to help themselves.

Among the policy options that might be considered are the following:

- The development of organizational arrangements (such as an expanded Public Agency Council) for linking workforce preparation to economic development.
- The broadening of job training opportunities through public agencies, educational institutions, nonprofit organizations, and business firms.
- The consideration of economic development options (e.g., health service, leisure service, and knowledge based jobs) that strategically diversify the economy but also complement the existing agricultural and food processing cluster.
- The use of existing tools to encourage small business creation.
- The promotion of partnerships between educational institutions at all levels and public and private groups to improve the skills of students, provide students with pre-employment experience, and upgrade the skills of current workers.
- A community-based strategy that delivers pre-employment and post-employment services and counseling to those in need in the neighborhoods in which they reside.
- The development of transportation and child care programs that more efficiently link concentrations of at-risk populations to jobs.
- The integration of programs and services to children and efforts to increase awareness of the needs of children.

- The pursuit of partnerships with Bay Area counties to provide job opportunities for participants in the welfare-to-work program and the currently unemployed.
- The sponsorship of conferences on welfare reform that increase awareness and promote collaboration.

Tables

T.1 Non-farm Wage and Salary Employment by Industry, Stanislaus County: 1972 and 1997	15
T.2 Summary Employment Indicators, Stanislaus County and Reference Areas: 1972 to 1997	19
T.3 Compound Average Annual Non-Farm Job Growth, Stanislaus County and Selected Reference Areas, Five Year Change Intervals: 1957-1997	21
T.4 Average Annual Growth Rates, Stanislaus County: 1977-1992	25
T.5 Compound Average Annual Population Growth, Stanislaus County and Selected Reference Areas, Five Year Change Intervals: 1972-1997	26
T.6 Age Dependency Ratios, Stanislaus County and Reference Areas: 1980, 1990, and 1996	29
T.7 Earnings, Employment, and Earnings Per Employee: 1975 and 1996 (1996 Dollars) Ranking of Industries by Earnings Per Employee and Measures of Jobs Added: 1970-1996	33
T.8 SAT Performance Measures Stanislaus County and Reference Counties	35
T.9 Stanislaus County Employment Multipliers Aggregated Industry Sectors	37
T.10 Employer Perceptions of Employee Skills	38
T.11 Percent of Firms Indicating County Workforce Skill Level Is Poor	39
T.12 Percent of Welfare and Unemployment Insurance Respondents Who Report a Barrier to Employment	41
T.13 Zip Codes Sorted by Reported UI Recipients and Those Who Do Not Expect to be Recalled to Work: 1997	49
T.14 Language Spoken by Type of Case	51
T.15 AFDC Cases by ZIP Code of Residence: December 1997	54
T.16 Neighborhoods Ranked by Number of AFDC Cases	54
T.17 PIC Applicants by ZIP Code July 1994 to March 1998	56
T.18 Groups Compared: Labor Force Characteristics of PIC Applicants	58
T.19 Groups Compared: Employment Barriers (PIC Applicants)	58

Figures

Fig. 1 Ratio of Stanislaus County Unemployment Rates to California Rates, Jan 1974 to Dec. 1997: High and Low Unemployment Months and Annual Ratio	12
Fig. 2 Seasonal Indices* of Monthly Employment and Unemployment: Jan 74 to Dec 97	12
Fig. 3 Differences Between High and Low Months Employment, Food Processing and Retail/State and Local Government: 1972 to 1997	13
Fig. 4 Stanislaus County and California Monthly Unemployment Rates: Jan 1974 to December 1997	14
Fig. 5 Share of Industry Wage and Salary Employment: 1972 to 1997	16
Fig. 6 Farm Production Jobs as a Share of All Farm Wage and Salary Jobs Stanislaus, San Joaquin, and Merced: 1983 to 1997	17
Fig. 7 Working Age Population as a % of Total Population Stanislaus County and Reference Areas: 1970 to 1996	22
Fig. 8 Labor Force Participation Rates Stanislaus County and California: 1974 to 1996	23
Fig. 9 Stanislaus County and California Employment to Population Ratios: 1974 to 1996	23
Fig. 10 Stanislaus County and California Diversity Population Growth Rates 1980 to 1996	27
Fig. 11 Hispanic and Non-White Shares of the Resident Population, Stanislaus County and Reference Areas: 1996	27
Fig. 12 Stanislaus County Monthly AFDC Cases: July 1985 to December 1997	28
Fig. 13 Children as a % of AFDC Recipients: 1986 to 1997	29
Fig. 14 Stanislaus County Monthly AFDC-U Share of AFDC FG/U and Monthly Unemployment Rate: July 1985 to December 1997	30
Fig. 15 Average Wage and Salary Disbursements Stanislaus County and Reference Areas: 1970 to 1996	31
Fig. 16 Per Capita Personal Income: 1970 to 1996	31
Fig. 17 Educational Attainment of Applicants for Unemployment Insurance: Reported and Adjusted Percentages: 1997	47

Fig. 18 Industry of Applicants for Unemployment Insurance Reported and Adjusted Percentages: 1997	48
Fig. 19 Occupational groups of Unemployment Insurance Applicants Reported and Adjusted Percentages: 1997	48
Fig. 20 Age Distribution of Mothers on AFDC: December 1997	52
Fig. 21 Length of Stay on AFDC: Shares of All Cases	53
Fig. 22 Age Distribution of PIC Applicants: 1994 to 1998	55

Contents

Acknowledgments	ii
Executive Summary	v
Introduction	1
The Essentials	4
The Details	10
Conventional Wisdom	10
Findings of Fact	11
The Bottom Line: Conclusions and Policy Options	59
Appendix	69

Critical Links:

Employment Growth, Unemployment,

and Welfare-to-Work in

Stanislaus County

**A Report Prepared for the
Stanislaus County Board
of Supervisors**

by the

**Center for Public Policy Studies
at
California State University, Stanislaus**

■ **Introduction**

“Everything should be made as simple as possible, but not simpler.”

Albert Einstein

In its report, *Strategic Directions: An Economic Needs Assessment and Targeting Analysis of Stanislaus County*, a CSU Stanislaus project team identified the "anomaly of high unemployment" as a distinguishing feature of Stanislaus County's recent economic development. In both the report and the proposal for this project that was submitted to the Board of Supervisors, the team suggested that the anomaly could be traced to the apparently contradictory effects of two leading economic indicators since the mid-1980s: relatively high wage and salary employment growth rates (a compound annual average of 3.2% per year) and persistently high unemployment rates (typically twice as high as the state on an annualized basis).

The Board of Supervisors asked the Center for Public Policy Studies at CSU Stanislaus to probe the linkages between employment growth and unemployment because Board members firmly believed that the results would provide them with the tools to appraise labor markets, create job opportunities for the resident population, and improve the quality of life in Stanislaus County. Additionally, Supervisors authorized the Center to evaluate welfare-to-work, a core element of a sweeping block grant program designed to move dependent adults into entry level employment positions and work-related activities. Since a great majority of program participants were not in the labor force, unemployed, and intermittently employed at the time the Temporary Assistance to Needy Families (TANF) program was initiated, it made sense to consider their prospects in light of local labor market conditions. Finally, the Board requested an estimate of the size of the elusive "underground" economy.

This document — titled *Critical Links: Employment Growth, Unemployment, and Welfare-to-Work in Stanislaus County* — is the product of the Center's efforts. Both the analysis and findings highlight strategic challenges and set the stage for the public policy options that are presented. In fact, the trends and data in *Critical Links*, together with those in *Strategic Directions*, yield a body of knowledge that offers insights into the workings of the local economy, perspectives on local economic performance, clues about

the demographic characteristics of the unemployed and dependent populations, and guideposts for economic development and workforce preparation.

Critical Links is a study that comprehensively addresses the conventional wisdom about Stanislaus County's unemployment picture, job base, labor force, dependent populations, and economic performance over time. In the process, it answers questions about the limited explanatory value of reported annual and monthly unemployment rates (which reached 12.9% in 1997 and 9.1% in September 1998), the sources of unemployment, the thrust of long-term employment growth (which has averaged 3.6% per year since 1957), the impacts and concentrations of industrial employment, the scale of the underground economy, trends in socioeconomic performance, welfare reciprocity rates, the characteristics of the unemployed, social service recipients, and PIC trainees, and the assessments of skill gaps as well as other employment barriers.

This report is guided by the analysis of government statistics, the records of the unemployed, welfare recipients, and PIC applicants, surveys of employers, social service providers, and participants in unemployment insurance and welfare programs, focus group sessions with business and community officials, a computer model of the Stanislaus County economy, and computer generated maps. The results are designed to both bridge the gap between presumption and evidence and document the factors that help distinguish labor markets in Stanislaus County from the state and four reference counties: San Joaquin, Merced, Alameda, and Santa Clara. These counties have been selected because they have become the four largest external sources of employment for Stanislaus County resident workers.

A study of this scope and complexity is, by necessity, multifaceted and data rich. In presenting the detailed results, it is difficult to shun statistics, avoid numerous charts and graphs, and forgo intricately woven explanations. In fact, any study that seeks to both assess far-reaching policy issues and question conventional wisdom must be grounded in a level of detail from a variety of sources that leaves little doubt about the credibility and validity of the final results. Not only do the data "tell the story," but the wide range of statistical and survey information tapped, the long-term perspective adopted, and the candid assessments made, collectively provide a solid foundation for the crafting of strategies and policies that address in a meaningful way the key challenges facing Stanislaus County.

Yet, the project team also recognizes that there are those who prefer a more direct approach that summarizes and blends in narrative form the key findings. Hence, the

decision to offer two separate sections of this report. The first of these, “The Essentials,” provides the reader with a relatively straightforward, integrated, and self-contained presentation of the results. The second, “The Details,” contains a complete and more elaborate analysis, and incorporates all the associated data. Even if the latter option is preferred, the narrative should be consulted since it can serve as both a useful guide and reference marker.

This study begins and concludes with two important observations. **First, there is no simple or single explanation for unemployment and relatively high unemployment. Second, no single policy will guarantee desired levels of unemployment, job growth, and employment for TANF recipients.** As the title of the report suggests, the most meaningful path to effective policy options lies in the labor demand and supply linkages that help define the Stanislaus County economy.

■ *The Essentials*

The anomaly of high unemployment has been a reality in Stanislaus County for more than two decades. Persistently high unemployment rates and concurrently high rates of job growth provide the context for tracing labor demand and supply trends locally and establish a benchmark for explaining differences between Stanislaus County and the rest of the northern San Joaquin Valley, on the one hand, and the state and Bay Area reference counties, on the other. Yet, the nature of the anomaly has changed over time, principally as a consequence of trends in the local economy.

Historically, Stanislaus County has relied (and continues to rely) upon agriculture and associated processing industries as engines of economic and income growth. By the late 1970s, however, there was a visible shift in the concentration of jobs and the labor force that moved (and has continued to move) the center of gravity in the local economy, at least in terms of direct employment, to retail trade, personal services and other industry groups in the service producing sector. Associated with this shift were rapid population growth, which created demand for service producing and construction-related jobs, and internal realignments in manufacturing, which limited the scale of job growth and reduced the share of all jobs that were seasonal. Likewise, underlying changes in agriculture, including automation and an increase in the average size of a farm, impacted both farm production wage and salary and proprietor employment levels.

While the Stanislaus County economy has grown and diversified, it has not changed structurally. In fact, with the exceptions of agriculture, manufacturing and their support activities, job growth has been largely population driven. Additionally, the population growth that has occurred has been, for the most part, a consequence of housing affordability and other non-job related considerations. In contrast, the state and especially Bay Area reference counties have experienced an economic restructuring centered in technology, engineering and higher end business services, tourism, and recreation.

Compared to areas outside the northern San Joaquin Valley, the shifting patterns of employment have not improved the local unemployment picture. Between 1974 and 1979, unemployment rates during Stanislaus County's highest employment months were

lower than those in the state in four of the six years. In every month of every year subsequently, the unemployment rate has been higher. By 1997, Stanislaus County's 12.9% annual average unemployment rate was double the state rate, triple the rate in Alameda and Contra Costa Counties, and quadruple the rate in Santa Clara County.

Seasonal employment remains a prominent feature of the Stanislaus County economy, with agriculture and food processing continuing to serve as sources of reported unemployment, particularly during the winter months. However, there are more seasonal positions in faster growing industries as well, including retail trade, construction, and local government, each with its own seasonal dynamic. Not only have the traditional sources of seasonal employment become less dominant in the context of the entire economy, but the newer sources have tended to spread employment throughout the year. This has reduced the volatility of month-to-month unemployment rate changes. As a result, there has been substantial unemployment even during the typically highest employment months. In September 1998, for example, there were 19,100 members of the labor force without jobs. These statistics point to explanations of high unemployment that move beyond seasonality.

When the effects of seasonality are removed from the records of unemployment insurance recipients (i.e., excluding those who expect to be recalled to work), the remaining recipients begin to resemble the insured unemployed elsewhere in terms of their prior industrial and occupational employment. In 1997, workers employed previously in retail trade and services who were part of the residual unemployed group represented 51% of unemployment insurance recipients, a percentage that exceeded the shares of total employment in these industries. This compared to less than two-fifths for those in agriculture, manufacturing, and construction combined. Occupations in which employment was temporary, part-time, and less skilled – such as cashiers and tellers, waiters and waitresses, and sales clerks – also appeared more frequently.

Indicators of socioeconomic well-being since the late 1970s reveal widening gaps between Stanislaus County and both the state and Bay Area reference counties. Changes in wages, salaries, per capita income, and educational attainment levels have not kept pace while the local population has become more dependent on government assistance at a faster rate. In fact, real (i.e., inflation adjusted) wages and salaries have declined over the past two decades. What is particularly striking is that the differences between this and other areas were relatively modest until population driven jobs became a more prominent feature of the local labor market landscape.

In most instances, faster growing sectors of the Stanislaus County economy have contained jobs with lower earnings while slower growing industries such as manufacturing have had higher paying jobs with benefits. The overall effect of these trends, together with increased dependency levels, has been modest growth rates for household income over the past two decades. Since recent (1993) poverty rate estimates for Stanislaus County are comparable to those for the state as a whole, there is a case to be made that this area has a larger share of working poor than reference areas outside the Valley.

Not only do employment and earnings vary by industry, but industries and industry jobs have differing impacts on the local economy. Food processing and agriculture combined account for 31% of the dollar value of total industry output (TIO). Half of the 15% contributed by services is due to health services, which has a more significant economic effect locally than it does in San Joaquin and Merced Counties. Additionally, food processing accounts for 49% of the value of all goods and services exported from Stanislaus County. These exports are important since they attract outside dollars which circulate and multiply locally. When durable goods manufacturing and farm production are added, the proportion jumps to 77%. Given these statistics, the job multiplier effects should not be surprising. In fact, food processing has the highest job multiplier -- one job is connected to 1.8 jobs in other sectors of the economy. This compares to .43 jobs for retail trade and business services and .56 jobs for government.

The size of the Stanislaus County underground economy in 1997 was between \$919 million and \$2.3 billion. This estimate is based on governmental and private studies that conclude that the nation's underground economy ranges from 10% to 25% of the Gross Domestic Product (the dollar value of all final goods and services produced). Stanislaus County has an economy and population with characteristics associated with higher levels of underground activity.

One of the sobering reminders of the Stanislaus County condition, and a factor in welfare-to-work efforts, is the welfare reciprocity rate (i.e., the percentage of the resident population receiving welfare payments). While Stanislaus County, like other areas, has experienced a drop in welfare caseloads and persons in the 1990s -- a consequence of welfare reform and an improving economy -- nearly 1 in 10 residents still received AFDC benefits in 1997. This was basically unchanged from the rate in 1986. It also was 38% higher than in the state and more than 2 1/2 times the rate in Santa Clara County. Moreover, more than 70% of the recipients were children in 1997, a proportion that was exceeded only by San Joaquin County among reference areas.

Since the mid-1970s, Stanislaus County has grown more rapidly than all the reference areas. The only population slowdowns that occurred locally were during the three recessions, and these also limited job growth. Like the rest of California, the practical effect of growth has been a more diverse population, and a principal source of diversity locally has been the Hispanic community. Today, persons of Hispanic origin represent one-quarter of the County's resident population and more than one-third of the K-12 school enrollment. Given their demographics, they will have an increased presence in the future labor force.

Two other features of demographic change stand out. First, the age gap between Stanislaus County and metropolitan areas outside the San Joaquin Valley has widened, and this can be attributed to the increasing presence locally of families with young children. Second, growth has been fueled by migration from other counties, especially from Alameda and Santa Clara, most notably during the latter half of the 1980s.

While annual labor force growth rates have generally corresponded to job growth rates over the long-term, there have been periods in which there have been mismatches. Perhaps the most telling of these occurred in the final years of the 1980s when the upward annual changes in the size of the labor force outpaced job growth. The results were both the highest local to state unemployment ratios over the past twenty years and a labor force surplus that was difficult for the economy to absorb until the recession and accompanying population growth slowdowns of the 1990s. The pattern in the 1980s also was different than the previous decade when changes in the labor force lagged increases in employment, jobs, and the working age population.

Another consequence of the migration from the Bay Area has been more long distance commuting. Given the 25% to 33% pay differentials between coastal and Valley areas, and the absence of preferred job opportunities locally, many new arrivals have understandably opted to work where they lived previously. By doing so, commuters have increased significantly the flow of earned dollars to Stanislaus County and also extended the regional labor market to the Bay Area.

Surveys reveal that there is general agreement among employers, social service providers, the unemployed, and social service recipients that lack of skills and relatively low educational attainment levels are the key barriers to employment. For the most part, the latter two groups focus on technical skills while employers and providers also are concerned about basic skills, interpersonal skills, work ethic, and thinking skills. All

groups concur that more job training is needed, and employers believe it is a good use of public funds that could be pursued on-site through public-private partnerships. Both the surveys and records of unemployment insurance recipients, AFDC recipients, and applicants for PIC job training document the low educational levels of at-risk populations. Close to 45% of all unemployment insurance recipients lacked a high school diploma in 1997, and the percentages for social service recipients and PIC job trainees were even higher. In fact, 38% of the PIC applicants between 1994 and 1998 were high school dropouts and 57% had reading and math competencies below the seventh grade level. However, when the unemployment insurance records are adjusted to exclude those who expect to be recalled to work, the percentage of recipients without a high school diploma dropped to 29%.

The educational attainment levels of the adult population have improved over time, and this trend is likely to continue in the future. In particular, the share of the population taking some college courses or receiving an AA degree is likely to rise steadily. However, the proportion of adults with a baccalaureate or higher degree in Stanislaus County will continue to lag the state and Bay Area counties.

While the insured unemployed with some college or technical school but no degree constituted a smaller proportion of the total insured unemployed than high school graduates, their 16.3% share in 1997 was significantly higher than those with college, university, and professional degrees. There are a number of possible explanations for this, including the increasing size of the postsecondary school population, limited job growth for this group, and students who had worked previously full-time or part-time while attending school.

Welfare recipients consider affordable child care and transportation to be the two most significant barriers to employment, but they also cite inadequate clothing, disabilities/ill health, no telephone, and inadequate experience as obstacles. Both welfare recipients and the unemployed stress difficulties with English and lack of information about jobs. While social service providers concur with most of these choices, they also conclude that there are attitudinal and behavioral employment barriers that limit access to jobs, including the inability to cope with daily problems, low motivation, poor work habits, alcohol and drug abuse, and felony convictions. Although employers in the focus groups acknowledge that child care is a barrier to employment, only 1.4% of employer respondents in the survey report that they provide on-site child care.

Compared to their distribution in the general population, racial and ethnic minorities are more likely to be participants in unemployment insurance, social service, and PIC training programs. In particular, Hispanics comprised half of the reported insured unemployed in 1997, 31.2% of all AFDC cases in December 1997 (they were slightly less than two-fifths of the AFDC-Unemployed program cases), and 37.1% of those in PIC training between 1994 and March 1998. However, less than one-third of all insured unemployment recipients who did not expect to be recalled to work were Hispanic. Asians/Pacific Islanders and Hispanics collectively comprised more than two-fifths of AFDC cases and a majority of PIC job training applicants. Still, English was the principal language in four-fifths of all AFDC cases and slightly more than two-fifths of the AFDC-U cases; approximately 20% of the PIC applicants had limited English ability.

Contrary to some assessments, a majority of all welfare recipients rely on government assistance continuously for three years or less. As of December 1997, the only group in which a majority stayed on welfare for more than five years was Asians/Pacific Islanders, and this may be due to the special refugee assistance provided to Southeast Asians. Among all groups, African-Americans received welfare payments for the shortest period of time.

Data from all sources reveal material differences between recipients of unemployment insurance and social services. Compared to the unemployed, those receiving welfare have lived in Stanislaus County a shorter period of time, are considerably younger, are more likely to be female, are more likely to have young children at home, have lower educational attainment levels, have a less secure and more intermittent work history, have a less stable family structure, have lower expectations regarding the hourly wage they would be willing to accept, and are more apt to be participating in a job training program. These differences are validated by a PIC applicant pool that includes both the unemployed uninsured and participants in TANF.

This report documents what most people know implicitly -- that the unemployed, welfare recipients, and PIC training applicants are geographically concentrated. What is striking, however, is the scale. Among all the ZIP codes in Stanislaus County, the two that have the largest concentrations of all at-risk populations are 95351 and 95350, located principally in south, southwest, and central Modesto. These ZIP codes contained 23.1% of all reported unemployment insurance applicants in 1997, 23.9% of all applicants after adjustment for recall, 34.2% of all the AFDC cases in December 1997, and 32.7% of all the applicants for PIC job training between July 1994 and March 1998.

■ *The Details*

Conventional Wisdom

The dialogue on important economic issues frequently is shaped and guided by what can be characterized as “conventional wisdom.” When repeated frequently enough, these observations become axioms, unquestioned assumptions, and customary ways of thinking about Stanislaus County’s economy and population. The practical effect of conventional wisdom is that it offers simple, direct, and comfortable explanations of complex issues.

The following statements represent core elements of this conventional wisdom:

1. Unemployment is a consequence of the County's agricultural base and the significant role of food processing in the local economy. High unemployment is the price we pay for our local agricultural economy.
2. Seasonality in production agriculture and manufacturing is a driving force behind both the long-term persistence of high unemployment rates and the growing gap between local and state unemployment rates.
3. The prominence of the goods producing sector and seasonality are the principal reasons for the decline in the quality of local employment (quality means earnings per worker as well as employee skills). A corollary is that manufacturing has served as a drag on local wage rates.
4. Given the structure of the local economy, Stanislaus County has been insulated from the effects of most business cycles and shifts in consumer preferences.
5. Reported unemployment is a reliable indicator of the performance of the local economy and the job prospects of members of the labor force.
6. Population growth has generated enough jobs to accommodate labor force growth. These changes have had positive effects on local income levels.
7. Workers who commute to distant work sites create burdens and problems for Stanislaus County.
8. A job is a job. While jobs may pay different wages and require particular skills, they tend to have comparable impacts on the local economy.
9. The only viable prescription for reducing unemployment and getting people off public assistance is to diversify the economy and create new jobs that pay higher wages and salaries.

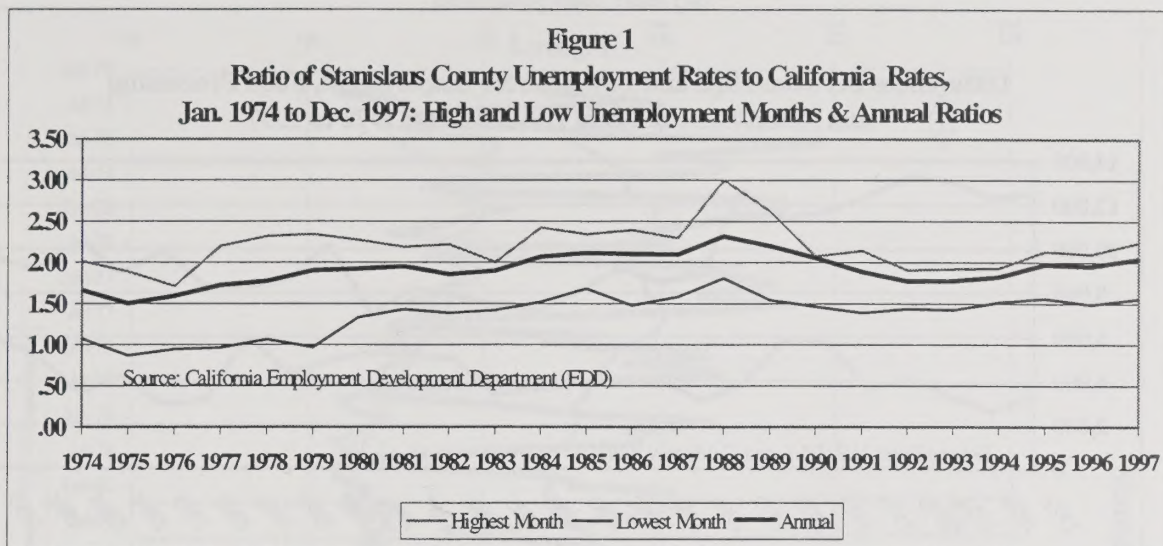
10. A more highly trained and educated workforce alone will guarantee job growth and a reduction in the County's high unemployment rate.
11. The unemployed and welfare recipients share the same demographic characteristics and are distributed relatively evenly throughout the County. Hence, in developing job and workforce programs, all that is required is a "one size fits all" approach.
12. The barriers to employment are principally behavioral. Once we can convince people of the value of work, and remove incentives for receiving government assistance, we can productively move them into the labor market.
13. People who are on welfare have stayed on welfare for long periods of time. People who are unemployed have little hope of finding employment.
14. Stanislaus County is better off today than it was twenty-five years ago.

Findings of Fact

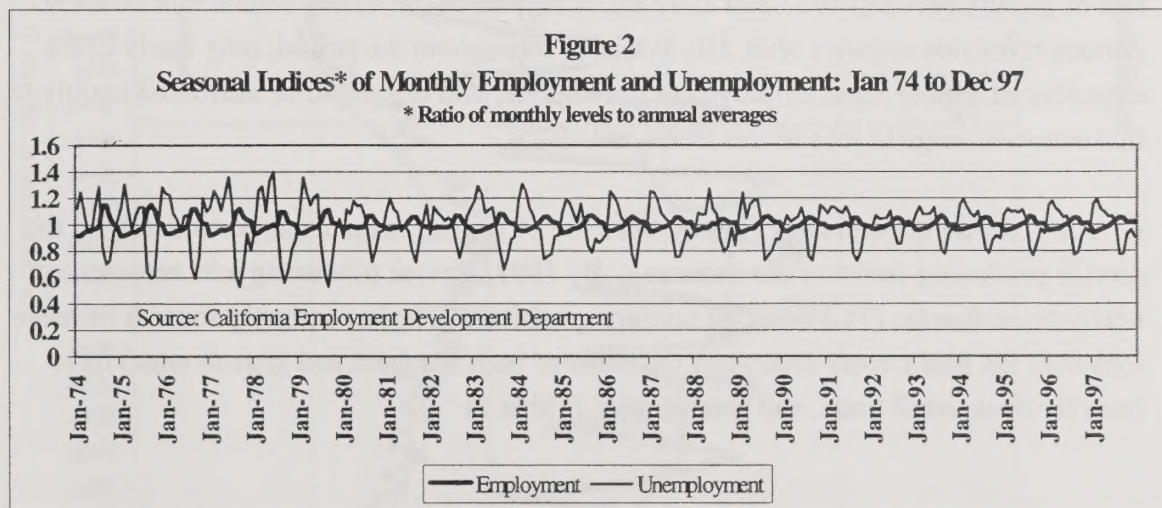
Conventional wisdom has staying power but it does not fully capture the essence of Stanislaus County's long-term economic development, economic performance, and demographics. In fact, while these assertions may appear convincing, they either are incomplete or inconsistent with actual experience and available statistics. The findings and documented elaborations presented below collectively produce a comprehensive portrait of Stanislaus County and serve as a basis for both assessing the internal logic of conventional thinking and developing criteria for public policy options.

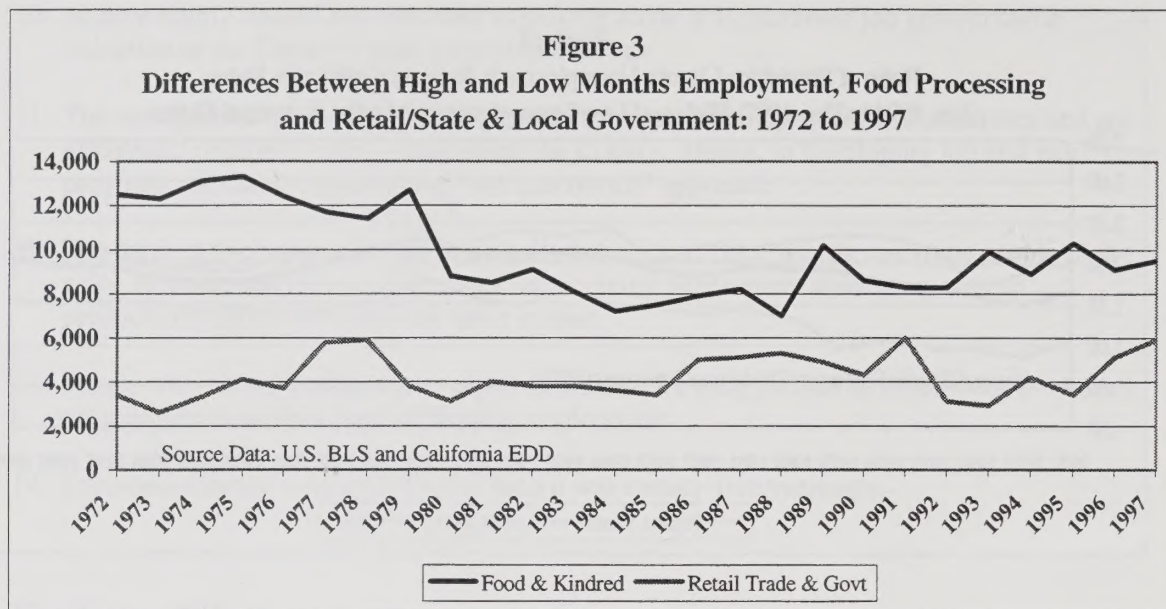
Finding 1: There has been a long-term "anomaly of high unemployment," that has changed somewhat since the late 1970s and early 1980s. The anomaly has persisted regardless of the economic performance of the nation and state, the productivity of the County's economy, the capacity of existing and new employers to create jobs, and the behavior of the labor force.

- For more than twenty-five years, unemployment rates have been consistently higher in Stanislaus County than in the state and Bay Area. When the monthly unemployment rates are annualized, the lowest local to state unemployment rate ratios were in the 1970s, the highest ratios (i.e., above 2.00) were in the latter half of the 1980s, declining ratios (below 2.00) appeared during the recession of the early 1990s, and increasing ratios have been the norm subsequently. In 1997, the local-state unemployment rate gap once again went above 2.00, the first time this occurred since 1992. During the same year, Stanislaus County's average annual unemployment rate was triple the rate in Alameda and Contra Costa Counties and quadruple the rate in Santa Clara County. (Figure 1)



- Although seasonality linked to food processing has remained an important component of reported unemployment in Stanislaus County throughout the period, it is no longer the dominant source of the high rates. This change can be attributed to the growth and increasing diversity of the economy (the number of nonfarm jobs nearly doubled between 1974 and 1997 – from 67,800 to 133,400), reductions in the number and share of seasonal employees in the slower growing manufacturing sector (due to automation and other improvements in labor productivity), and increases in seasonal, part-time, and temporary positions in the faster growing retail trade, construction, service, and local government sectors (whose seasonal ups and downs have not corresponded precisely to those in food processing). As a result of shifts in the local economy, periodic calendar swings in both monthly employment and unemployment have become less volatile (Figures 2 to 3).





- While there has been an internal dimension to Stanislaus County's long-term unemployment that has contributed to higher rates, both the state and County have been impacted by reduced labor demand during the four recessions since the early 1970s. In effect, Stanislaus County's labor markets – like those in California and elsewhere – have not been insulated from the effects of macroeconomic trends. Among local industries, construction has been impacted most directly and severely by the economic downturns (Figure 4)
- Even with persistently high unemployment, Stanislaus County's long-term nonfarm job expansion record has been impressive. In fact, the 3.6% compound average annual rate of growth between 1957 and 1997 easily surpassed the state's annual rate of 2.7%. Among reference counties with data available throughout the period, only Santa Clara experienced a more rapid employment growth rate, and this could be attributed mainly to that county's surge in jobs in the 1960s and 1970s.
- Job creation in Stanislaus County since the 1970s has been disproportionately in the service producing sector of the economy. By 1997, service producing jobs represented nearly three-fourths (74.8%) of all nonfarm positions. The key industry sources of local jobs over the past twenty-five years (in terms of both numbers and growth rates) have been services, retail trade, and government. (Table 1)

Figure 4
Stanislaus County and California Monthly Unemployment Rates
January 1974 to December 1997

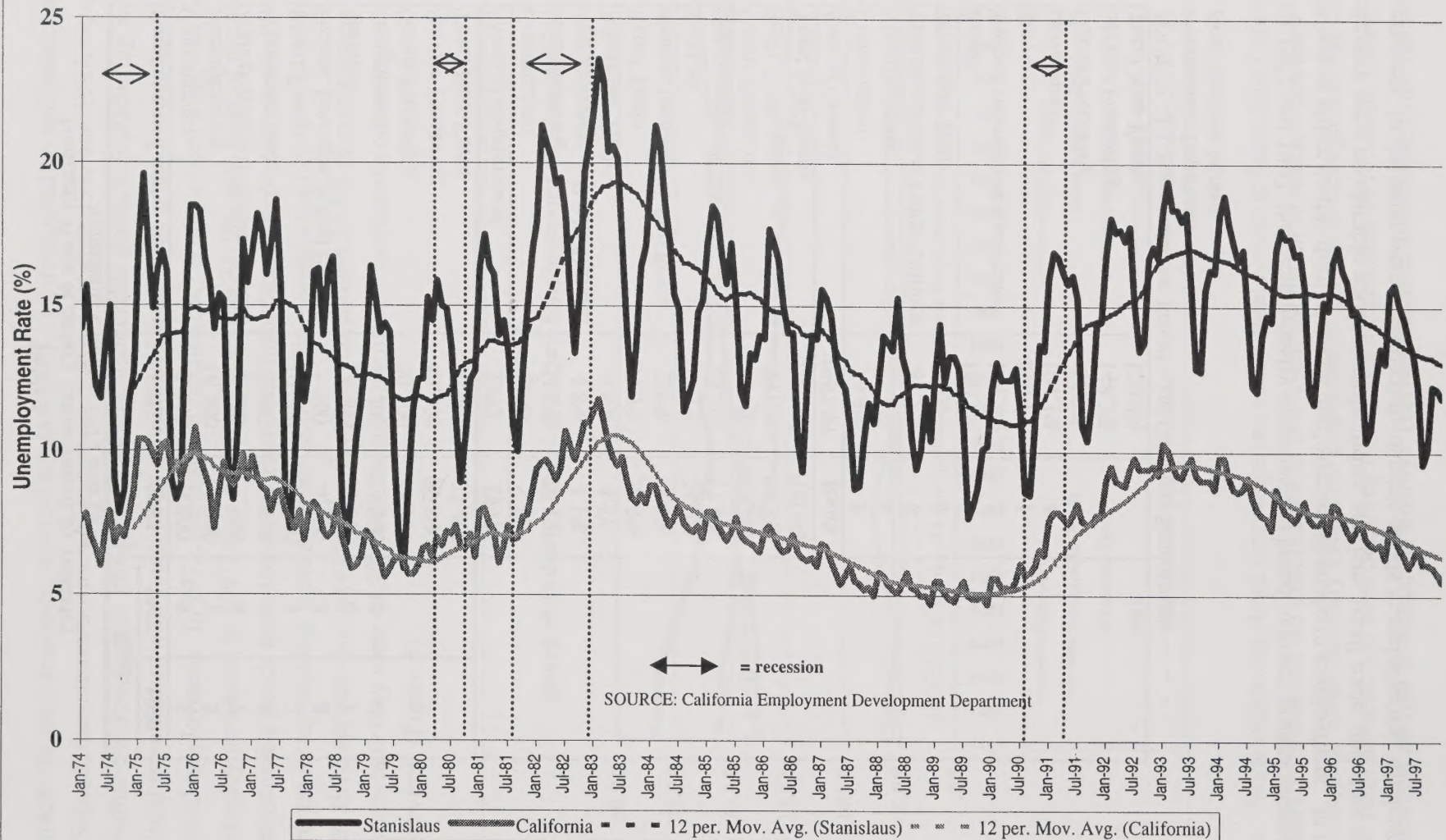


Table 1
Nonfarm Wage & Salary Employment by Industry
Stanislaus County: 1972 and 1997

<i>Employment Level</i>	1972	1997	Rank	
			1957	1997
Construction	3,900	6,800	5	5
Manufacturing	16,200	26,800	1	3
Transportation & Public Utilities	2,900	5,500	6	7
Wholesale Trade	2,900	6,000	6	6
Retail Trade	10,700	27,900	3	2
Finance, Insurance, & Real Estate	1,700	4,500	8	8
Services	10,300	32,000	4	1
Government	11,700	23,900	2	4
Goods Producing	20,200	33,600		
Service Producing	40,200	99,800		
Total Non-Farm	60,400	133,400		
<i>Share of Employment</i>	1972	1997		
Construction	6.5%	5.1%		
Manufacturing	26.8%	20.1%		
Transportation & Public Utilities	4.8%	4.1%		
Wholesale Trade	4.8%	4.5%		
Retail Trade	17.7%	20.9%		
Finance, Insurance, & Real Estate	2.8%	3.4%		
Services	17.1%	24.0%		
Government	19.4%	17.9%		
Goods Producing	33.4%	25.2%		
Service Producing	66.6%	74.8%		
Total Non-Farm	100.0%	100.0%		
<i>Rate of Growth</i>	1957-97	Rank		
Construction	74.4%	5		
Manufacturing	65.4%	6		
Transportation & Public Utilities	89.7%	7		
Wholesale Trade	106.9%	4		
Retail	160.7%	3		
Finance, Insurance, & Real Estate	164.7%	2		
Services	210.7%	1		
Government	104.3%	4		
Goods Producing	66.3%			
Service Producing	148.3%			
Total Non-Farm	120.9%			

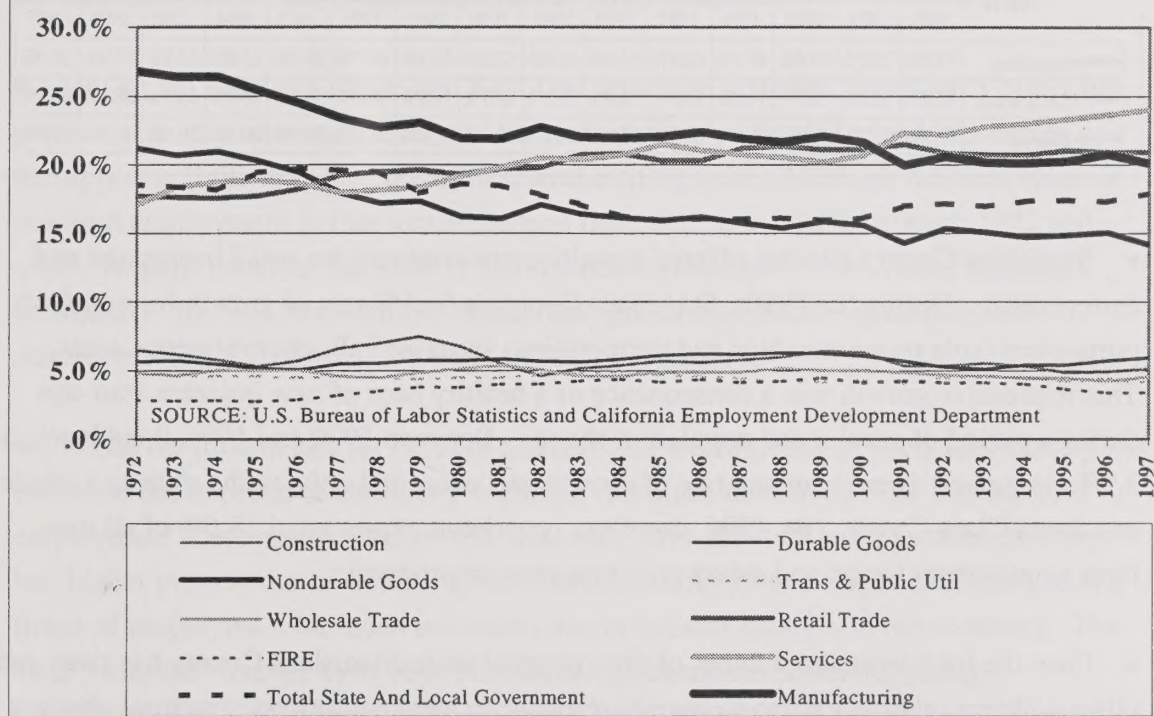
SOURCE: U.S. Bureau of Labor Statistics and California Employment
Development Department

Note: Excludes Mining

- In both 1972 and 1997, the same industry divisions and broad industry groups retained their positions as either double digit or single digit sources of nonfarm employment. In the former category were nondurable goods manufacturing, services, retail trade, and state and local government; in the latter were construction, durable goods manufacturing, wholesale

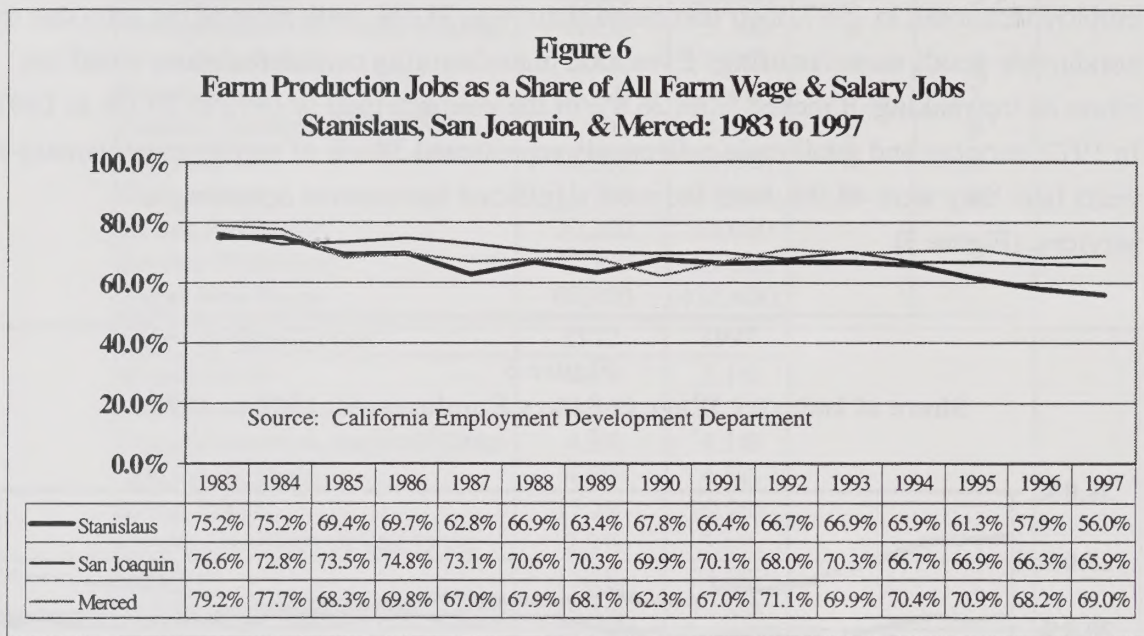
trade, finance, insurance, and real estate (FIRE), and transportation and public utilities. Second, the relative position of industries changed between 1972 and 1997, most notably within the double digit group. Specifically, nondurable goods manufacturing and state and local government were replaced by services and retail trade as the two top generators of local employment. In 1972, the first two claimed 39.7% of nonfarm wage and salary employment total; in 1997, their combined share was 31.5%, with most of the drop due to nondurable goods manufacturing. Even total manufacturing considered alone could not retain its top ranking; it moved from 26.8% of the nonfarm total in 1972 to 20.1% in 1997. In 1972, services and retail trade collectively represented 34.8% of employment; twenty-five years later they were 44.9%, with the most significant movements occurring in services. (Figure 5)

Figure 5
Share of Industry Wage & Salary Employment: 1972 to 1997



- What stands out about farm wage and salary employment in Stanislaus County is not merely its share of the total (11.6% in 1997), but the extent to which it has been changing. Since the early 1980s, the proportion of all jobs in farm production, in contrast to farm services, has been declining throughout the northern San Joaquin Valley, with the sharpest decline in Stanislaus County. This has occurred at the same time that farm

employment overall has been rising slightly. By 1997, 56% of the County's farm wage and salary jobs were in production, down from 75.2% in 1983. Unlike employment in food processing and its support industries, however, seasonal patterns have not varied dramatically. (Figure 6)



- Stanislaus County also has offered a positive environment for small businesses and entrepreneurs. During the 1980s, Stanislaus County's 66.1% rate of growth for non-farm proprietors (sole proprietorships and partnerships) surpassed all other reference areas. This impressive growth was a consequence of a healthy pace of new business start-ups during a period of accelerated population change. Between 1970 and 1996, this County's 3.9% compound average annual rate of growth was exceeded only by the state as a whole and Santa Clara County. By 1996, non-farm proprietors represented 18.6% of all non-farm employment (wage and salary positions plus proprietors).
- Over the long term, the number of farm proprietors in Stanislaus County has risen and fallen within a relatively narrow range in response to local conditions, structural changes in agriculture (including a decline in the number of family owned farms and a rise in the acreage per farm), and the state of the economy. Between 1970 and 1990, there was a 3.8% increase to 4,991. Subsequently, there was a relatively steep drop, and by 1996 farm proprietor employment was 6.2% lower than it was at the start of the decade.

Finding 2: Long-term shifts in the Stanislaus County economy – particularly those in the service, retail trade, and local education sectors– have led to diversified employment growth that has been largely population driven. Broader structural changes, including automation, downsizing, and reorganization have impacted certain industries to a greater extent (most notably, manufacturing and financial services). In contrast, the state and Bay Area have experienced an economic restructuring that has fundamentally redefined labor markets. Many of the new jobs created in this information and knowledge-based economy have required special skills and advanced education. In all instances, there have been increased expectations of job performance.

- Compared to reference areas outside the San Joaquin Valley, Stanislaus County consistently has had since the early 1970s a larger share of its nonfarm employment in nondurable goods manufacturing, retail trade, and state and local government. Although services has been the fastest growing sector of the local economy, it still represented slightly less than one-fourth of the nonfarm total in 1997. This proportion was considerably lower than in the state and Bay Area. (Table 2)
- Unlike the state as a whole and Bay Area reference counties, Stanislaus County has continued to rely on nondurable goods manufacturing, particularly food processing and its support activities, as the core of its manufacturing base. Although the local share of nonfarm employment in this sector dropped from 21.2% to 14.2% between 1972 and 1997, the gaps between this County and reference areas outside the Valley remained substantial. In 1997, for example, nondurable goods manufacturing employment statewide was 5.5% of nonfarm wage and salary positions.
- While the growth rate for durable goods manufacturing jobs in Stanislaus County has exceeded the impressive nonfarm job growth rate since the early 1970s, this sector's employment share remains below 6%. Not only have the state and Bay Area counties had higher proportions of durable goods manufacturing jobs throughout this period, the thrust of employment has been redirected due to broader changes in the economy. The clear "winners" overall have been biotechnology, computer technology, and instrumentation. Interestingly, Santa Clara County experienced concurrently an absolute 2% loss of nondurable jobs (tied to food processing) between 1972 and 1997 and a convincing 119.1% gain in durable jobs (associated with computers and other high technology products). By 1997, more than one in four jobs in Santa Clara were in durable goods manufacturing, although these included both highly skilled as well as less skilled occupational positions.

Table 2
Summary Employment Indicators
Stanislaus County and Reference Areas: 1972 to 1997

	Total Non- Farm	Construc.	Durable Goods	Nondurable Goods	Trans & Public Util	Wholesale Trade	Retail Trade	FIRE	Services	All Govt.	State & Local Govt.
California											
Share of Non-Farm Employment											
1972	100.0%	4.3%	14.1%	7.3%	3.5%	5.7%	16.6%	5.7%	18.9%	20.7%	16.3%
1997	100.0%	4.2%	9.0%	5.5%	5.0%	5.9%	17.3%	5.7%	30.8%	16.3%	14.1%
Growth Rate 1972-97	82.6%	77.4%	16.4%	39.0%	162.4%	89.2%	90.4%	84.6%	197.6%	43.6%	58.0%
Avg. Annual Growth Rate 1972-97	2.4%	2.3%	.6%	1.3%	3.9%	2.6%	2.6%	2.5%	4.5%	1.5%	1.8%
Stanislaus											
Share of Non-Farm Employment											
1972	100.0%	6.5%	5.6%	21.2%	4.8%	4.8%	17.7%	2.8%	17.1%	19.4%	18.5%
1997	100.0%	5.1%	5.9%	14.2%	4.1%	4.5%	20.9%	3.4%	24.0%	17.9%	16.9%
Growth Rate 1972-97	120.9%	74.4%	132.4%	47.7%	89.7%	106.9%	160.7%	164.7%	210.7%	104.3%	101.8%
Avg. Annual Growth Rate 1972-97	3.2%	2.2%	3.4%	1.6%	2.6%	3.0%	3.9%	4.0%	4.6%	2.9%	2.8%
San Joaquin											
Share of Non-Farm Employment											
1972	100.0%	4.2%	7.8%	11.5%	7.3%	5.3%	16.3%	3.5%	16.5%	27.3%	19.9%
1997	100.0%	4.5%	6.4%	7.9%	6.6%	5.1%	18.8%	5.1%	24.9%	20.6%	17.8%
Growth Rate 1972-97	82.4%	94.9%	48.6%	25.5%	64.2%	75.5%	110.0%	168.8%	175.0%	37.5%	63.4%
Avg. Annual Growth Rate 1972-97	2.4%	2.7%	1.6%	.9%	2.0%	2.3%	3.0%	4.0%	4.1%	1.3%	2.0%
Oakland (Alameda and Contra Costa)											
Share of Non-Farm Employment											
1972	100.0%	5.1%	10.6%	8.1%	7.4%	5.3%	16.5%	4.6%	16.6%	25.6%	19.8%
1997	100.0%	5.3%	7.3%	5.3%	6.4%	6.2%	16.3%	5.7%	29.5%	17.8%	15.4%
Growth Rate 1972-97	71.7%	78.1%	18.2%	10.9%	48.0%	102.7%	69.5%	116.7%	205.1%	19.5%	33.6%
Avg. Annual Growth Rate 1972-97	2.2%	2.3%	.7%	.4%	1.6%	2.9%	2.1%	3.1%	4.6%	.7%	1.2%
Santa Clara											
Share of Non-Farm Employment											
1972	100.0%	4.7%	26.1%	6.0%	4.4%	3.3%	15.4%	3.9%	20.2%	16.0%	13.7%
1997	100.0%	4.1%	25.0%	2.6%	3.0%	6.1%	13.8%	3.3%	32.7%	9.5%	8.2%
Growth Rate 1972-97	128.4%	95.9%	119.1%	- 2.0%	53.9%	319.3%	104.2%	93.1%	270.2%	35.9%	37.6%
Avg. Annual Growth Rate 1972-97	3.4%	2.7%	3.2%	- .1%	1.7%	5.9%	2.9%	2.7%	5.4%	1.2%	1.3%

SOURCES: U.S. Bureau of Labor Statistics and California Employment Development Department

- Stanislaus County's impressive 160.7% increase in retail employment during the twenty-five period extending from 1972 to 1997 was significantly greater than retail growth rates in all other reference areas. By 1997, the ratios of retail to nonfarm employment were 1:4.8 in Stanislaus, 1:5.3 in San Joaquin, 1:5.2 in Merced, 1:5.8 in California, 1:6.1 in Alameda/Contra Costa, and 1:7.2 in Santa Clara. Since retail trade employment levels are responsive to population changes, these recent ratios are noteworthy but not particularly surprising.
- Government employment growth rates and employment shares have been affected by Proposition 13, population change, and the downsizing of federal employment, particularly in the Department of Defense after the end of the Cold War. Compared to reference areas, Stanislaus County had the fastest growing state and local government sector although, like other reference areas, this sector's share of nonfarm employment fell between 1972 and 1997. The results of growth have been particularly evident in local education employment. By 1997, local education jobs were 60.2% of all government employment and 9.5% of the nonfarm wage and salary total. These shares were substantially higher than in the state and Bay Area.
- In Stanislaus County, many of the service jobs added since the mid-1980s have been positions linked to population growth that have required fewer specialized skills. By the mid-1990s, more than 40% of all service jobs were in health services (compared to close to 22% for the state) while 6% were in personnel supply services. Less than 2% were in high technology. In 1997, business services represented 13.4% of service employment and 3.2% of nonfarm employment. Service jobs created in the state as a whole have been centered in entertainment (especially motion pictures and multimedia), technology based and higher end business services, engineering, and management. In recent years, more than 40% of all service jobs have been related to high technology and an additional 10% have been in engineering and management services. In 1997, business services comprised 25.9% of all service employment and 8% of the nonfarm total.

Finding 3: The statistical evidence shows clearly a convergence of factors and trends at the end of the 1970s and beginning of the 1980s that had transforming effects on employment and employment growth patterns. This period represents a turning point in the development of the local economy that influenced Stanislaus County's labor markets subsequently.

- When the 1957 to 1997 annual nonfarm wage and salary employment growth rates are

divided into five year intervals, the 1977 to 1982 period stands out because it was only one in which Stanislaus County's percentage increases lagged those in the state as a whole. There was a very distinctive decline each year in the local rate of job growth, and between 1981 and 1982, there was an absolute loss of jobs for the first and only time since 1957. The County did not experience a recovery in growth rates comparable to the previous decade until the mid-1980s. (Table 3)

Table 3
Compound Average Annual Non-Farm Job Growth
Stanislaus County and Selected Reference Areas
Five Year Change Intervals: 1957-1997

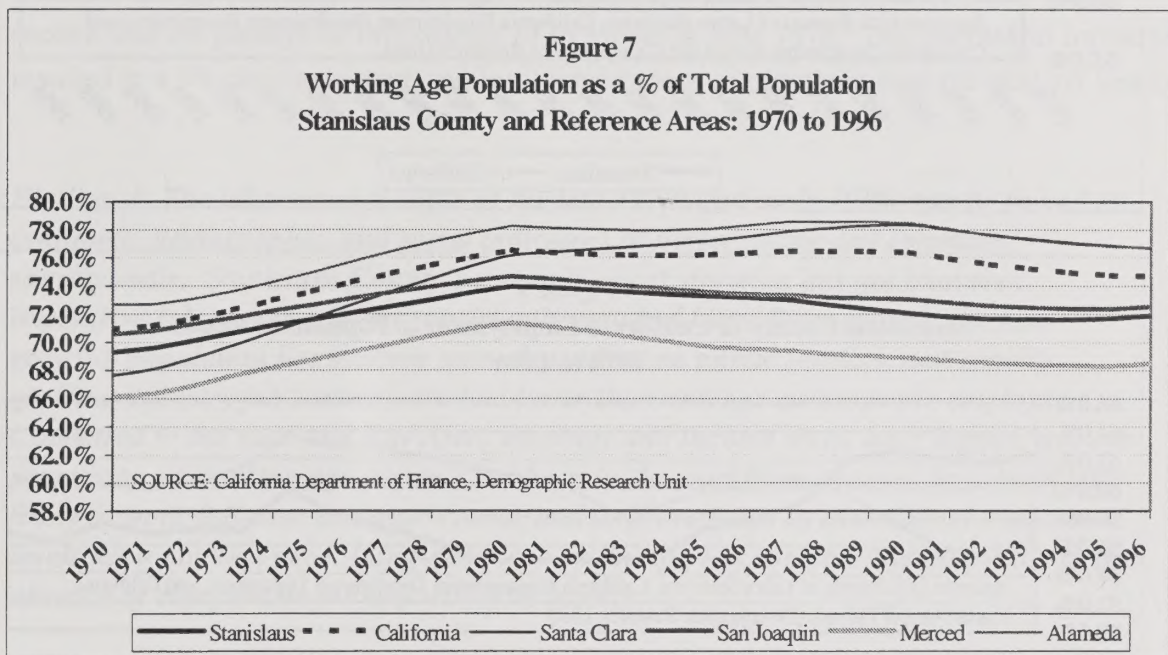
	California	Stanislaus	San Joaquin	Santa Clara
1957-1962	2.9%	3.4%	1.6%	10.7%
1962-1967	4.1%	5.4%	5.5%	7.5%
1967-1972	2.5%	3.9%	1.9%	4.3%
1972-1977	3.6%	5.4%	3.1%	5.7%
1977-1982	2.7%	1.6%	2.2%	5.4%
1982-1987	3.2%	3.8%	3.5%	2.2%
1987-1992	1.2%	3.2%	1.8%	.4%
1992-1997	1.6%	2.1%	1.6%	3.2%
1957-1997	2.7%	3.6%	2.6%	4.9%

SOURCE DATA: California Employment Development Department and U.S. Bureau of Labor Statistics

NOTE: The 1982 annual averages are based on tabulations by the authors; the 1957-1981 averages are from the BLS; the 1983-1997 averages are distributed by EDD. Data for Alameda/Contra Costa and Merced Counties are not available for the entire period.

- Between 1977 to 1982, the proportion of all nonfarm jobs that were goods producing went down from 30.2% to 27.4%. Over the next fifteen years, the share of these jobs declined only an additional 2.2%.
- Not only did manufacturing – especially nondurable goods -- decline as a share of nonfarm employment, but seasonal jobs as a share of the manufacturing total also fell. By 1982, nondurable goods manufacturing represented 17.1% of nonfarm employment, down from 20.3% in 1975 and 17.8% in 1977; by 1997, it only declined another 1.9%. Additionally, employment in high employment months in manufacturing (those most likely to be seasonal positions) dropped 12.8% between 1979 and 1982, but during the same period, the number of jobs in low employment months actually increased by 3.7%. In contrast, the proportion of all nonfarm jobs in services grew from 17.9% in 1977 to 20.5% in 1982.

- Like other reference areas, Stanislaus County's working age population as a proportion of the total population grew steadily in the 1970s, as the second half of the baby boom generation entered the labor force. However, the proportion reached a peak in Stanislaus County in 1980 and declined subsequently. In contrast, the state and Bay Area reference areas had shares of working age populations that either were rising modestly (the state and Alameda) or sharply (Santa Clara) in the 1980s. Both the Valley and Bay Area trends were influenced by population migration from the coast to inland areas. (Figure 7)



- There also were significant changes in Stanislaus County's labor force during this period. The *labor force participation rate* (the ratio of those in the labor force to the noninstitutionalized working age population 16 years and older), which was nearly 10% higher than in the state as a whole in the mid-1970s, declined sharply between 1977 and 1980. During the same period, the state's labor force participation rate climbed steadily, and by 1982, it was higher than in Stanislaus County. The County's *employment to population ratio* (the proportion of the working age population actually employed) also was higher than the state's ratio in the mid-1970s, but a marked drop locally between 1977 and 1983, combined with a significant increase statewide in the second half of the 1970s, had the effect of reversing the relative positions of Stanislaus County and the state by the end of the decade. (Figures 8 & 9)

Figure 8
Labor Force Participation Rates
Stanislaus County & California: 1974 to 1996

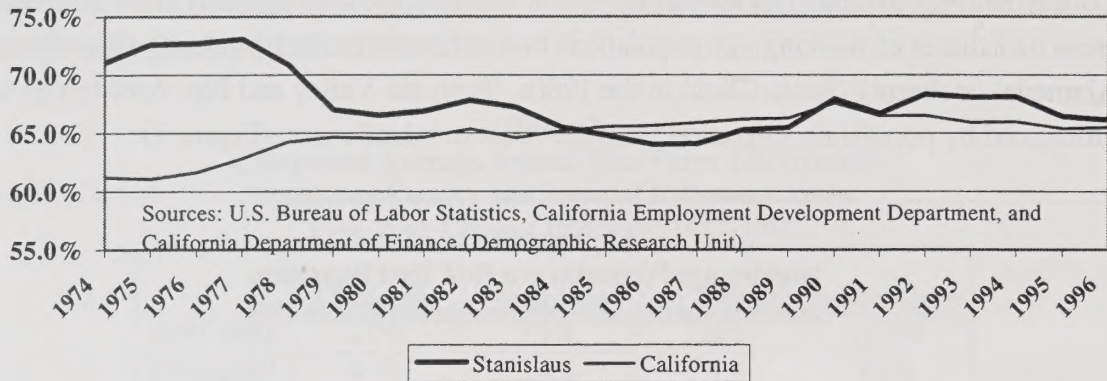
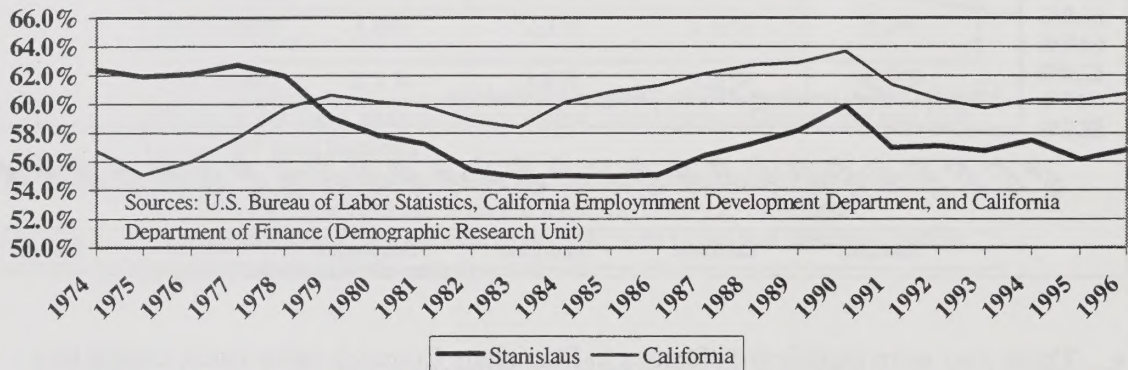


Figure 9
Stanislaus County & California Employment to Population Ratios
1974 to 1996



- These changes in the labor force stand out because between July 1975 and July 1980, the Stanislaus County resident population increased by 19.2%, a growth rate that was nearly double that of the state and substantially above the rates in all reference counties.
- There were two economic downturns in the early 1980s whose effects were more far-reaching locally than statewide. In particular, the recession that officially occurred between July 1981 and November 1982 was accompanied by negative payroll growth, a 3.3% drop in the number of farm proprietors, and a 18.8% contraction in construction employment. The severe impacts on agriculture and the local housing market were both linked to a sharp decrease in land values as well as reduced consumer demand. Construction employment,

which had reached a high point in 1979, proceeded to fall over the next three years by 40%. Ironically, the labor force participation rate actually increased in 1981 and 1982 and this exacerbated the unemployment situation. By February 1983, the unemployment rate reached 23.6%, the highest monthly rate during the 1974 to 1997 period.

- Among the policy developments that stand out in the 1970s, there were two of particular importance to labor demand and supply in Stanislaus County. The first of these was the passage in 1974 Agricultural Labor Relations Act and a follow-up 1976 state law which made agricultural workers eligible for unemployment insurance benefits. The second was the passage of Proposition 13 by voters in June 1978. This successful initiative resulted in a 9% decline in state and local government employment over the next six years.

Finding 4: The labor market shifts of the late 1970s and early 1980s can be linked to economic, demographic, and social indicators of performance and condition subsequently. Stanislaus County's unemployment situation has not improved, impressive job growth has not consistently matched labor force growth, the fast-growing population has become more dependent on public services, and rapidly growing industry job sectors have had lower than average earnings per employee. Compared to the state and Bay Area, earnings and income levels have lagged, a lower proportion of working age persons has been in the workforce, women have been less likely to work full-time and year-round, and improvements in educational attainment levels have not kept pace. Long-distance commuting has increased dramatically in the absence of comparable job opportunities locally.

- Local unemployment rates in this County's highest employment months were lower than those in the state in four of the six years between 1974 and 1979. Since 1980, however, unemployment rates in Stanislaus County have been higher than those in the state every month of every year. While the unemployment rate gaps have been considerably wider in February than in September (the typically high and low unemployment months), the latter still translates into an average of more than 19,000 unemployed residents per year during Stanislaus County's lowest unemployment months. In September 1998, it was 19,100. (See Figure 4)

- Between 1977 and 1982, the working age population grew each year almost twice as fast as the labor force and more than six times as fast as household employment, but only slightly faster than jobs. These statistics help explain why unemployment rates during the low unemployment months were nearly as low as those in the state. Between 1987 and 1992, on the other hand, rapid population and job growth did not keep pace with labor

force growth. Although part of this can be attributed to resident workers who commuted to worksites outside the County, there also were workers in Stanislaus County jobs who lived elsewhere. Of particular importance was labor force growth in relation to employment growth, a divergence that contributed to labor surpluses, unemployment, and the relatively high local to state unemployment rate ratios during the latter half of the 1980s. (Table 4)

Table 4
Average Annual Growth Rates
Stanislaus County

	1977-1980	1977-1982	1987-1990	1987-1992
Working Age Population	3.6%	3.1%	4.4%	3.7%
Labor Force	.4%	1.6%	6.5%	5.0%
Employment	.5%	.5%	3.9%	4.0%
All Jobs	3.8%	2.5%	5.2%	3.5%

SOURCES: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and California Employment Development Department

- Beginning in 1979, Stanislaus County's labor force participation rate dropped below 70% and has not reached this level again. By 1996, it stood at 66.1%. In contrast, the state has experienced a long-term increase, and by 1996, it stood at 65.5%. Beginning in 1979, Stanislaus County's employment to population ratio dropped below 60% and has not reached this level again. In 1996, it was 56.8%. During the same period, the state's ratio has ranged from a low of 58.4% in 1983 to a high of 63.7% in 1990. In 1996, it was 60.7%. Possible explanations for the long-term declines in the two labor market measures include workers who became discouraged or retired, housewives or students who no longer had access to the seasonal labor market, spouses who stayed at home to rear children, individuals who became recipients of social services, young people who extended their schooling, and adults who opted to participate in the underground economy.

- Stanislaus County's population growth of 58.9% since 1980 has outpaced the percentage increases in the state and all reference counties. A principal source of the population growth during the 1980s was migration from other counties, and migration from reference areas represented a substantial proportion of the total. Although the pace of migration has slowed perceptibly in the 1990s, movement from other areas still represents an important source of population change. Since 1990, Stanislaus County has been the 16th fastest growing county in the state.

- When longer term demographic changes are expressed as compound annual growth rates and divided into five year intervals, the results are more uneven. The two periods where growth slowed from the previous ones were 1977 to 1982 and 1992 to 1997. Not only did both include recessions (and the accompanying increases in unemployment), both were the two slowest periods for job growth as well. (Table 5)

Table 5
Compound Average Annual Population Growth
Stanislaus County and Selected Reference Areas
Five Year Change Intervals: 1972 - 1997

	California	Stanislaus	San Joaquin	Merced	Alameda	Santa Clara
1972 to 1977	1.7%	3.3%	1.3%	2.6%	- 2.5%	2.0%
1977 to 1982	2.1%	2.8%	3.4%	2.6%	- .8%	1.7%
1982 to 1987	2.2%	3.0%	3.7%	2.6%	.9%	1.3%
1987 to 1992	2.4%	4.1%	2.4%	3.2%	2.4%	1.6%
1992 to 1997	1.1%	1.4%	1.3%	1.2%	- .5%	1.5%
1972 to 1997	1.9%	2.9%	2.4%	2.4%	- .1%	1.6%

Source: California Department of Finance, Demographic Research Unit

- Like the rest of California, Stanislaus County has become more ethnically and racially diverse since the late 1970s, and a principal source of increasing diversity locally has been the Hispanic population. Not only have Hispanics become more prominent as a demographic group (by 1996, slightly less than one in four residents was of Hispanic origin, compared to slightly less than one in seven in 1980), but Stanislaus County's Hispanic population has grown faster (102.8%) than in any of the reference areas. It also is a younger population and by the 1997/98 school year, Hispanic students represented close to 35% of total K-12 student enrollment. Even with the fast-paced growth, however, Stanislaus County in 1996 still had the lowest shares of non-white and Hispanic populations (33%) among all reference areas. (Figures 10 and 11)
- Compared to reference areas outside the northern San Joaquin Valley, Stanislaus County's population is relatively younger, and it is not aging as fast. In 1996, 28.1% of the population was under the age of 16. While the proportion of 16 to 19 year olds (an age cohort with a relatively higher unemployment rate) went down in both the County and the state between 1980 and 1996 – a reflection of broader demographic trends --the drop in Stanislaus was not as sharp, so that the gap between this area and the state actually widened.

Figure 10
Stanislaus County and California Diversity Population Growth Rates
1980 to 1996

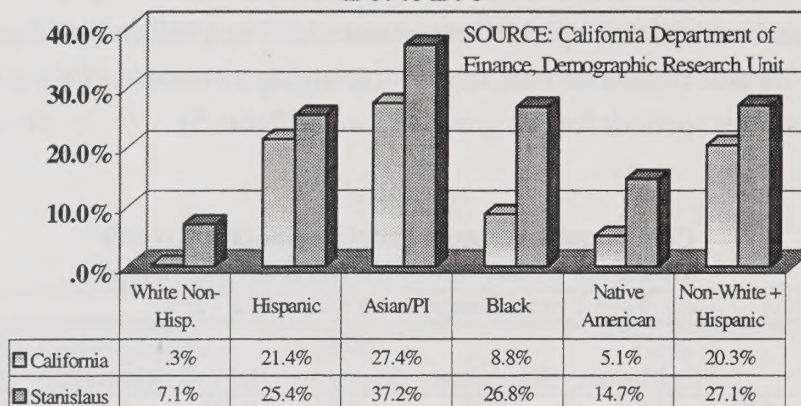
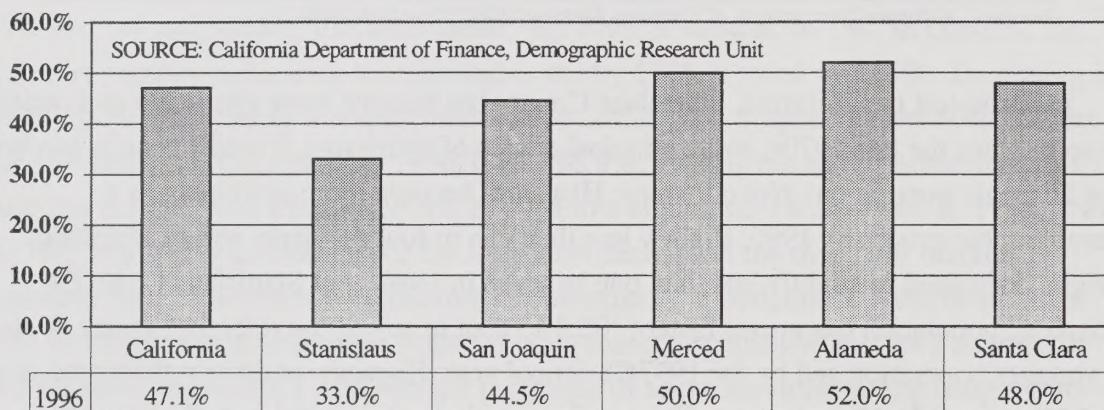


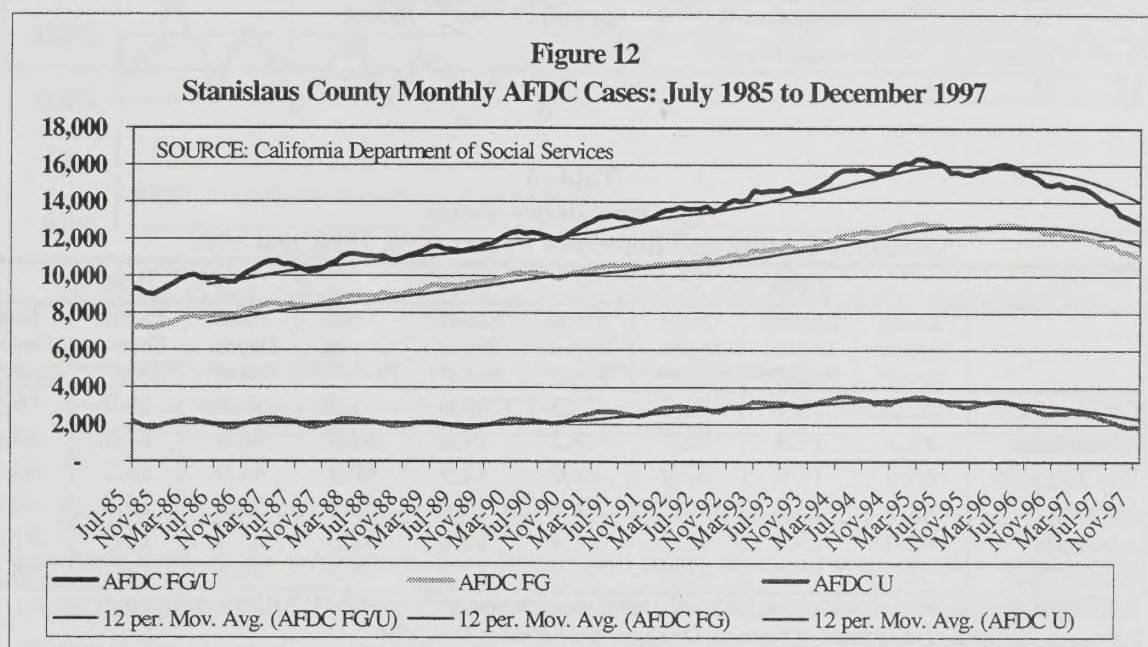
Figure 11
Hispanic and Non-White Shares of the Resident Population
Stanislaus County and Reference Areas: 1996



Dependency levels of the County's population have increased. There are three gauges of this dependency:

1. Aid to Families with Dependent Children (AFDC): Since the mid-1980s, Stanislaus County has had AFDC reciprocity rates (persons receiving AFDC as a share of the estimated mid-year resident population) substantially higher than those in the state as a whole and Bay Area counties (nearly triple the rate of Santa Clara in 1997). Beginning in May 1996 – three months before welfare reforms were signed into law by President Clinton and at a time when the economy was generally improving – AFDC caseloads declined steadily. In fact, the number of cases dropped 20.4% from May 1996 to

December 1997 (from 16,148 to 12,858), compared to 18.3% for the state as a whole. Both component programs in AFDC (FG --Family Group and U -- Unemployed) fell, but at significantly different rates. FG dipped 13.8% while U plunged 45.3%; the declines in the state were 16.5% and 26.6%. The drop in cases locally, however, corresponded to an increase in the percentage of children receiving assistance. By December 1997, 71.3% of all AFDC recipients were children, a percentage that was exceeded only by San Joaquin County among reference areas. Additionally, while caseloads and the number of persons on welfare have been declining since the mid-1990s, reciprocity rates (which reflect changes in the resident population) have not. In 1997, the Stanislaus County AFDC reciprocity rate of 9.7% was basically unchanged from 1986. (Figures 12 and 13)



2. Youth and elderly dependency ratios: Since 1980, the youth dependency ratio in Stanislaus County (the number of persons younger than 16 per 100 persons of prime working age, 16-64) has been rising steadily. By 1996, it reached 46, which was significantly above the dependency ratios for the state and Bay Area reference counties. The elderly dependency ratio locally has been higher as well. These ratios represent useful barometers of local conditions, options for the allocation of locally generated resources, and the potential economic burdens placed upon the working age population. Combined with wage and income data, they represent a powerful tool for assessing local capacity to meet service needs. (Table 6)

Figure 13
Children as a % of AFDC Recipients: 1986 to 1997

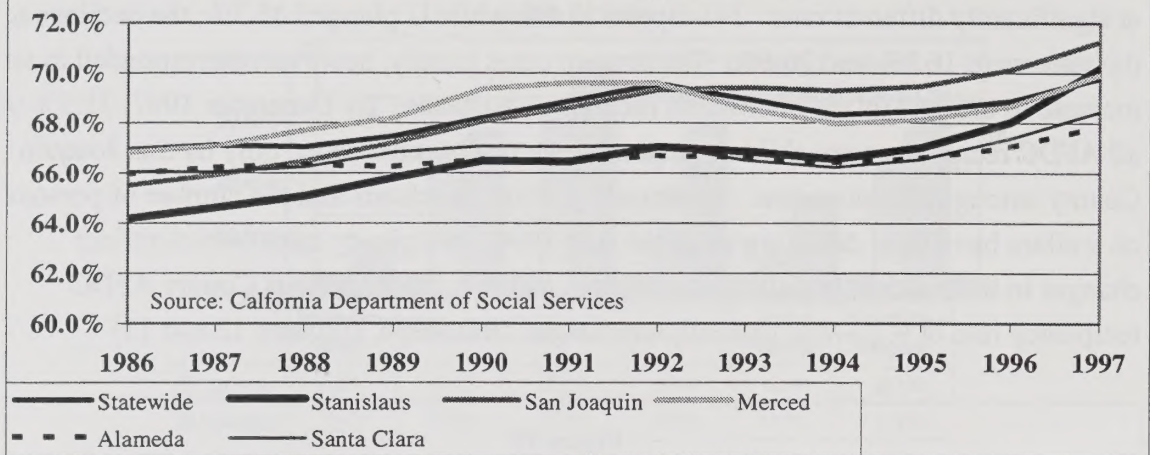


Table 6
Age Dependency Ratios
Stanislaus County and Reference Areas: 1980, 1990, and 1996

	1980			1990			1996		
	Youth Depen. Ratio*	Elderly Depen. Ratio**	Total Depen. Ratio***	Youth Depen. Ratio*	Elderly Depen. Ratio**	Total Depen. Ratio***	Youth Depen. Ratio*	Elderly Depen. Ratio**	Total Depen. Ratio***
California	35.3	15.4	50.7	35.5	16.0	51.5	39.6	16.9	56.5
Stanislaus	41.3	17.4	58.7	45.2	17.6	62.8	46.0	17.6	63.6
San Joaquin	40.0	17.9	57.9	43.0	17.9	60.9	45.0	18.7	63.7
Merced	45.5	13.6	59.2	51.6	15.4	67.0	53.3	15.8	69.0
Alameda	32.0	15.2	47.2	31.4	15.6	47.0	35.3	16.0	51.3
Santa Clara	34.7	10.9	45.5	30.8	12.5	43.3	34.6	13.7	48.3

SOURCES: U.S. Bureau of the Census, 1980 and 1990 Census, Summary Tape Files 1C; 1996 Population

Estimates: California Department of Finance, Demographic Research Unit, 1997

*The youth dependency ratio is the number of persons younger than 16 per 100 persons of prime working age (16-64).

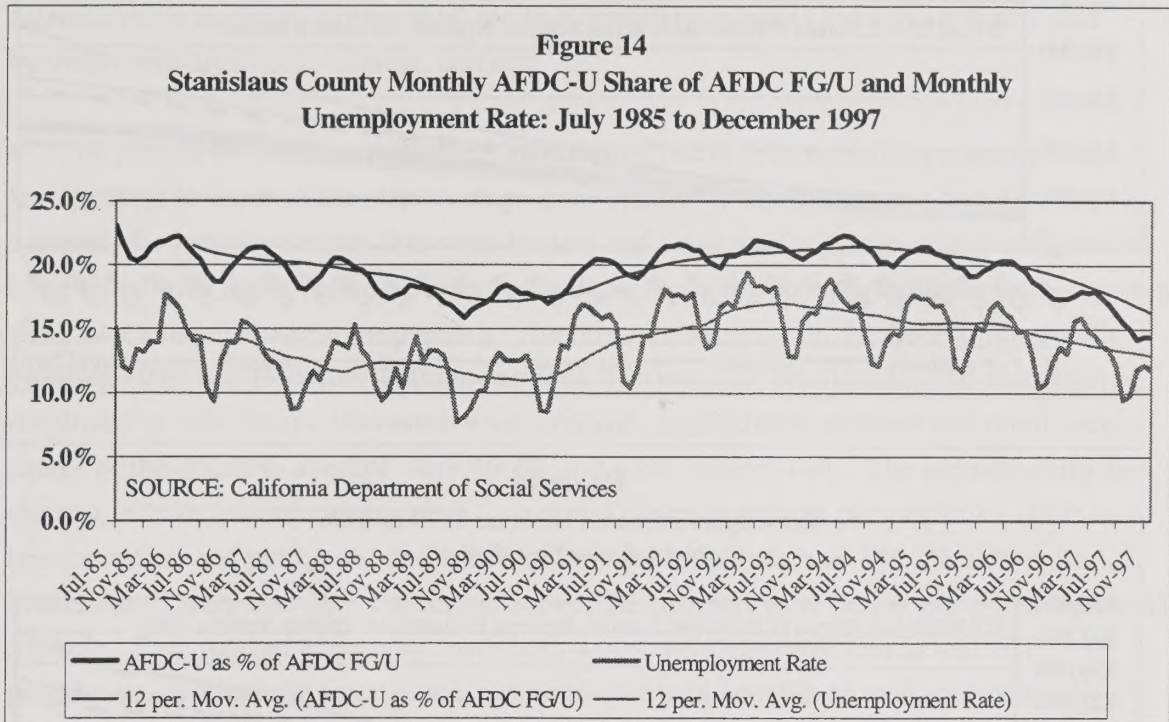
**The elderly dependency ratio is the number of persons 65 years and older per 100 persons of prime working age

***The total dependency ratio is the sum of the youth and elderly dependency ratios.

3. Government income support programs: Not only are per capita income maintenance payments significantly higher in Stanislaus County than in the state and Bay Area counties, the gaps have been widening visibly since 1978. The same observations can be made about per capita unemployment insurance benefits. By 1996, 21.3% of all personal income in Stanislaus County was from transfer payments.

- An examination of monthly AFDC-U and unemployment rates for the July 1985 to December 1997 period reveals a correspondence in both general trends and seasonal variations. With one exception, the highs and lows in monthly AFDC cases each year between 1985 and 1997 roughly paralleled (i.e., typically lagged by one to two months)

unemployment. The exception was in 1997, when caseloads fell every month. On the other hand, the monthly changes in AFDC-FG, while often moving in the same direction as unemployment rates, have been significantly less volatile. (Figure 14)



- Women in Stanislaus County have been less likely than men to be working, and when they have been in the workforce, have been more likely to either seek or only have access to less than year-round and part-time employment. In all instances, lower percentages of women in Stanislaus County than in the state and Bay Area have been employed and working full-time and year-round. According to the 1990 Census, 51.5% of women who were employed in 1989 worked less than year-round while 31.3% worked part-time. Only 38.4% of female workers in Stanislaus County were employed full-time and year-round. The 2000 Census probably will reveal similar patterns.
- There has been a striking relationship between shifts in labor markets beginning in the late 1970s and widening gaps between Stanislaus County and other northern San Joaquin Valley counties, on the one hand, and the state and Bay Area reference areas, on the other, with respect to average earnings per job, per capita net earnings, average wage and salary disbursements, and per capita income. Figures 15 and 16 are representative of the changes.

Figure 15
Average Wage and Salary Disbursements
Stanislaus County and Reference Areas: 1970 to 1996
(Not Adjusted for Inflation)

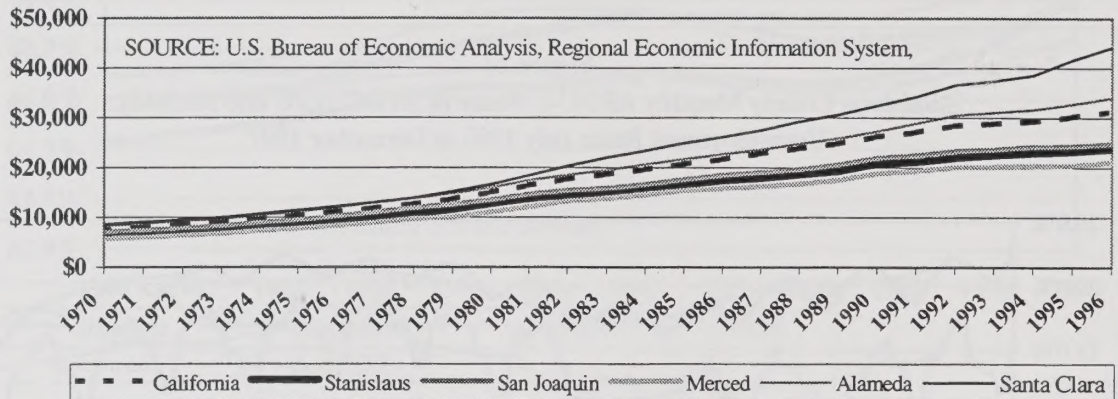
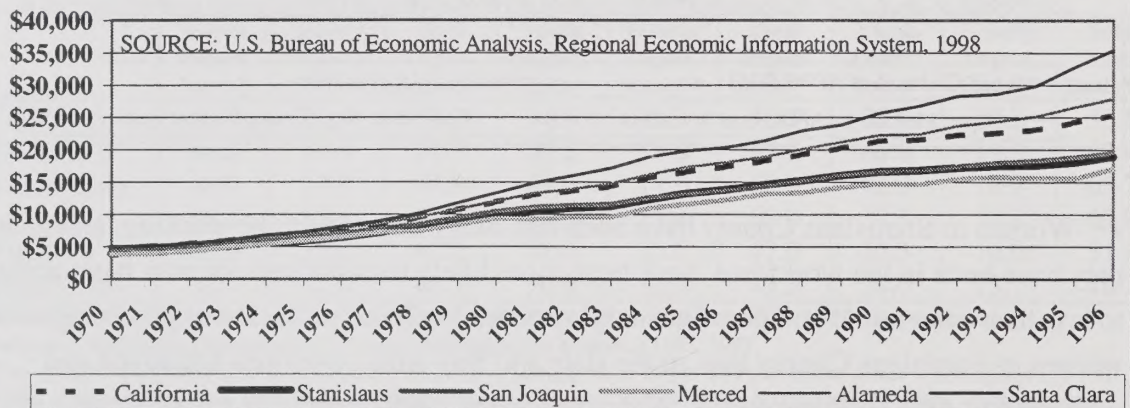


Figure 16
Per Capita Personal Income: 1970 to 1996
(Not Adjusted for Inflation)



- Since 1975, Stanislaus County has experienced, in contrast to the state and Bay Area counties, real (i.e., inflation adjusted) dollar declines in average wage and salary disbursements and earnings per job. However, the contractions have not been as sharp as those in San Joaquin and Merced Counties. The real per capita income percentage increase in Stanislaus County (also higher than the changes in San Joaquin and Merced) has been less than half the increase in the state, one-third the increase in Alameda, and one-sixth the increase in Santa Clara.
- Since the mid-1970s, there has been a perceptible drop in the share of reported personal income in Stanislaus County from wages and salaries. In 1996, it was 44.7%, compared to

54.5% in the state and 74.2% in Santa Clara County. Likewise, the share of personal income from earnings by place of work also has fallen in Stanislaus County. By 1996, it was 60.6%, compared to 70.6% in the state, and 89.6% in Santa Clara County. Personal income covers all earned and unearned income by residents, and includes wages and salaries, other earnings, proprietors' income, transfer payments from government and business, and dividends, interest, and rent.

- The jobs in the 1970s that enabled Stanislaus County to have earnings and income levels closer to those of the state average grew relatively slowly the next two decades. In contrast, the industry sectors that were leaders and catalysts for job growth overall tended to be those with lower earnings, fewer benefits, a larger number of part-time and temporary slots, and a larger share of proprietors. The three industries with the fastest job growth between 1975 and 1996 (agricultural services, services, and retail trade) had earnings per employee in 1996 below the countywide average. Agricultural services and retail trade's shares of the nonfarm average were 46.2% and 63%, respectively. The industry with the slowest growth (manufacturing) had the second highest earnings per employee (next to transportation and public utilities). Its earnings per employee was 146.5% above the Stanislaus County average. For all industries, the earnings were below those in the state as a whole. Earnings per employee cover both wage and salary workers as well as proprietors, and include among earnings employer paid benefits as well as direct compensation. (Table 7)

- Labor markets expanded in geographic scope in the 1980s as Bay Area workers migrated to Stanislaus County to take advantage of this area's housing affordability and other non-job related benefits, but continued to hold their previous jobs. By 1990, 1 of 6 (24,449) resident workers was commuting to worksites outside Stanislaus County. More than one-third of these commuters were employed in Alameda and Santa Clara Counties. Given the 25% to 33% pay differential between this County and the Bay Area, commuters have tended to make a disproportionate, and growing, contribution to local income. In 1996, the net inflows of their earnings represented 21% of all Stanislaus County earnings by place of residence. This was up from 9.7% in 1970 and 10.6% in 1980.

- The Stanislaus County poverty rate in 1993 (17.2%) was slightly below the state rate, but considerably above the rate in Alameda and Santa Clara Counties. Since wage and salary as well as income levels were substantially below those of the state, it is reasonable to suggest that this County had a larger proportion of working poor.

Table 7: Earnings, Employment, and Earnings Per Employee: 1975 and 1996 (1996 Dollars)
Rankings of Industries by Earnings Per Employee and Measures of Jobs Added (1975-1996)

	1975								% Change	
	1975 Wage & Salary & Self-Employment	Earnings/Employee (1996 Dollars)	Rank	1996 Wage & Salary & Self-Employment	1996 Earnings/Employee	Rank	Job Growth 1975-96	Rank	in Dist of Jobs 75-96	Rank
<i>Stanislaus County</i>										
Total Nonfarm	88,392	\$27,296		172,950	\$25,983		95.7%		-	
Private	73,279	\$27,204		149,351	\$25,040		103.8%		3.5%	
Ag. serv., forestry, fishing, other	2,756	\$17,957	8	9,536	\$12,001	9	246.0%	1	2.4%	2
Construction	4,802	\$36,619	2	9,785	\$30,185	5	103.8%	4	.2%	4
Manufacturing	18,216	\$36,222	3	26,175	\$38,054	2	43.7%	9	- 5.5%	9
Transportation and public utilities	3,876	\$43,112	1	7,216	\$38,166	1	86.2%	5	- .2%	5
Wholesale trade	3,797	\$33,859	4	6,294	\$33,970	3	65.8%	7	- .7%	6
Retail trade	15,464	\$20,986	7	34,180	\$16,358	8	121.0%	3	2.3%	3
Finance, insurance, and real estate	5,762	\$12,619	9	10,020	\$19,759	7	73.9%	6	- .7%	6
Services	18,457	\$21,997	6	46,037	\$23,598	6	149.4%	2	5.7%	1
Government & government enterprises	15,113	\$27,744	5	23,599	\$31,952	4	56.2%	8	- 3.5%	8

	1975								% Change	
	1975 Wage & Salary and Self-Employment	Earnings/Employee (1996 Dollars)	Rank	1996 Wage & Salary and Self-Employment	1996 Earnings/Employee	Rank	Job Growth 1975-96	Rank	in Dist of Jobs 75-96	Rank
<i>California</i>										
Total Nonfarm	9,963,922	\$32,100		17,282,539	\$32,570		73.5%		-	
Private	8,017,671	\$31,682		14,891,963	\$32,094		85.7%		5.7%	
Ag. serv., forestry, fishing, other	144,169	\$19,338	9	390,255	\$15,577	9	170.7%	1	.8%	2
Construction	387,028	\$48,233	1	804,161	\$34,880	5	107.8%	3	.8%	2
Manufacturing	1,633,725	\$40,742	4	1,964,671	\$45,219	2	20.3%	9	- 5.0%	8
Transportation and public utilities	496,711	\$47,350	2	760,057	\$46,325	1	53.0%	7	- .6%	6
Wholesale trade	510,662	\$41,155	3	832,410	\$42,315	3	63.0%	5	- .3%	5
Retail trade	1,581,098	\$23,133	7	2,800,224	\$18,410	8	77.1%	4	.3%	4
Finance, insurance, and real estate	885,569	\$20,644	8	1,383,896	\$32,908	6	56.3%	6	- .9%	7
Services	2,339,890	\$27,406	6	5,910,776	\$31,363	7	152.6%	2	10.7%	1
Government & government enterprises	1,946,251	\$33,819	5	2,390,576	\$35,537	4	22.8%	8	- 5.7%	9

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Eco. Measurement Division (REIS), 1998

- The breakdowns for selected occupational groupings reveal quite clearly the regional gaps in the more skilled (and usually better compensated) executive and professional specialty positions. In fact, 1 in 4.8 Stanislaus County resident workers were in these occupations in 1990 compared to 1 in 2.9 in Santa Clara, 1 in 3.1 in Alameda, and 1 in 3.5 in the state as a whole. For non-farm blue collar workers, the ratios were reversed. In Stanislaus County, it was 1 in 3.2 compared to 1 in 4.8 in both Alameda and Santa Clara, and 1 in 4.3 in the state. For less skilled blue collar workers and jobs, the differences between northern San Joaquin Valley and Bay Area counties, as well as the state, were even more pronounced. These ratios do not appear to have changed dramatically in the 1990s.

- When resident workers' occupations are matched against jobs by occupation, there is a modest surplus of executive and professional personnel as well as a much larger surplus of blue collar workers. This means that Stanislaus County is a net exporter of workers in these occupations.

- Between 1980 and 1990, there was an upward trend in educational attainment levels of the adult population in Stanislaus County, and the 2000 Census almost certainly will show a continuation of the trend. In particular, the share of the population taking some college courses or receiving an AA degree has been rising steadily. Additionally, nearly three-fifths of high school students took at least one career vocational educational course during the 1995/96 school year. These positive developments are counterbalanced, however, by four other considerations. First, 31.6% of adults did not have a high school diploma in 1990, which was a significantly higher than in the state (23.8%), Alameda County (18.6%) and Santa Clara County (18%). Second, the most glaring contrasts in 1990 were for adults with Bachelor's and higher degrees – 13% in Stanislaus County versus 23.4% statewide, 23% in Alameda, and 28.8% in Santa Clara. The percentages for San Joaquin and Merced were similar to those of Stanislaus. Third, employer expectations of educational preparation (both in terms of formal degrees and on-going education) have increased for most jobs.

- Since college attendance is considered an asset in the modern economy, then questions about the preparation and aspirations of high school students become important factors in workforce preparation and job development. If SAT examinations are used as an indicator, the results are mixed. The proportion of high school seniors in Stanislaus County taking the exam during the 1997/98 school year (23.4%) was substantially below the percentages for the state (35.9%), Alameda (45.4%), and Santa Clara (42.8%). In fact, between 1986/87 and 1997/98, the share of test-takers in Stanislaus increased by only .3%.

Yet, the math and verbal scores achieved for high school seniors taking the exam, while dropping modestly during the 1986/87 to 1997/98 period, were in line with statewide scores.(Table 8)

Table 8
SAT Performance Measures
Stanislaus County and Reference Counties

	1997/98				1986/87			
	High School Seniors	Test Takers %	Avg. Verbal Score	Avg. Math Score	High School Seniors	Test Takers %	Avg. Verbal Score	Avg. Math Score
California	317,595	35.9%	491	516	n.a.	n.a.	n.a.	n.a.
Stanislaus	5,442	23.4%	498	510	3,063	23.1%	510	511
San Joaquin	6,562	24.2%	478	499	3,698	27.0%	485	492
Merced	2,966	21.7%	464	483	2,155	20.6%	503	487
Alameda	11,087	45.4%	490	522	10,767	37.8%	502	517
Santa Clara	15,069	42.8%	519	557	14,457	46.4%	519	537

Source: California Department of Education

Finding 5: While there are jobs throughout Stanislaus County, there are concentrations of jobs in certain areas, particularly in the Modesto and Turlock areas. The top ten employment zones (as designated by the Bureau of the Census) contained more than one-quarter of all jobs in Stanislaus County in 1990. The patterns of employment have not changed significantly in the 1990s.

- The top employment zones in Stanislaus County (based on special 1990 Census tabulations) are downtown/southwest Turlock, Beard Industrial Tract, downtown Modesto and the area west and northwest of downtown Modesto, west Modesto north of Kansas and east of Carpenter, Vintage Faire, Highway 132 near Santa Rosa Avenue, and the neighborhood north of Briggsmore and east of Coffee Road. These areas have nearly 29% of all County jobs. The Highway 132 corridor alone (from Del Monte to Stanislaus Foods) contained nearly 10.8% of all County jobs, roughly one-third of manufacturing employment, 37.3% of nondurable goods manufacturing positions, and 17.9% of wholesale trade jobs.

Finding 6: The estimated size of Stanislaus County's underground economy in 1997 was between \$919 million and \$2.3 billion. While it is not possible to pinpoint the precise size of the underground economy, governmental and private studies generally conclude that it ranges nationwide from 10% to 25% of the Gross Domestic Product or GDP (the dollar value of all final goods and services produced in the

economy). Stanislaus County has an economy and population with characteristics associated with higher levels of underground activity.

- Indicators of more active underground activity that are tied to the structure of the local economy include a resource based economy, the presence of undocumented workers, a relatively large number of small businesses and self-employed, and higher as well as growing shares of service, retail trade, construction, and wholesale trade employment.
- Demographic and socioeconomic indicators of underground activity are poorer earning opportunities in the formal economy because of relatively lower educational attainment levels, higher unemployment rates, and higher welfare reciprocity rates.

Finding 7: An examination of total industry output, productivity, and exports underscores key roles played locally by food processing, agriculture, and manufacturing generally. The highest employment multipliers are in food processing and other nondurable goods manufacturing.

Finding 8: Health Services has a more significant effect on the Stanislaus County economy than it does in San Joaquin and Merced.

The following results are based on the analysis of a computer generated model of the Stanislaus County economy. Additional models cover the San Joaquin and Merced economies. One set aggregates all specific industry sectors into 15 broad divisions and groups. Another focuses on 279 industry sectors.

- The Gross County Product for Stanislaus County was approximately \$9.2 billion dollars in 1997. This is the county equivalent of the Gross Domestic Product.
- Manufacturing/food & kindred products (aka food processing) in Stanislaus County accounts for 19.9% of the dollar value of total production of goods and services (technically referred to as total industry output). This percentage is higher than in the rest of the northern San Joaquin Valley. Farm production represents 10.1% of the total (which is lower than in Merced but higher than in San Joaquin). When farm services are added, these industries constitute 31% of Stanislaus County's total production value. Finance, Insurance, and Real Estate, which has a relatively low employment base, accounts for about 12% of total production.
- The largest exporting sectors in Stanislaus County are manufacturing/food & kindred, manufacturing durable, farm production, and health services. Food processing alone

accounts for nearly 49% of the value of all goods and services exported. When durable goods manufacturing and farm production are added, the proportion jumps to 77%. Exports from an area are important because they attract outside dollars which then ripple through the local economy, generate income, and support the activities of other industries.

- Food processing has the highest employment multipliers that link industry jobs to other jobs in the Stanislaus County economy. Its employment multiplier of 2.80 means that each job is tied to 1.8 other jobs. This level is a result of the amount of production in manufacturing/food & kindred, its export levels, and purchasing patterns. The regional multiplier for other nondurable goods manufacturing is 2.77. Transportation and public utilities, FIRE, durable goods manufacturing, wholesale trade, and farm production have multipliers above 2. In contrast, retail trade, which employs a large number of workers, has a relatively modest employment multiplier of 1.43. (Table 9)

Table 9
Stanislaus County Employment Multipliers
Aggregated Industry Sectors

<i>Industry</i>	Employment Multipliers
Farm Production	2.03
Farm Services	1.25
Other Services	1.58
Mining and Construction	1.94
Mfg/Food and Kindred	2.80
Mfg/Other Nondurable	2.77
Mfg/Durable	2.23
Trans & Public Utilities	2.49
Wholesale Trade	2.11
Retail Trade	1.43
Fin., Ins., & Real Estate	2.24
Business Services	1.43
Health Services	1.81
Government	1.56

Source: IMPLANPro™ (based on 1994 data)

Note: These multipliers indicate the number of jobs associated with each job in a particular industry. For example, a multiplier of 2.03 means that a job in farm production actually amounts to 2.03 jobs in Stanislaus County. Of these, 1 job is in farm production while 1.03 are in other industry sectors connected to it.

- Specific industry sectors with employment multipliers of 3.00 or more (regardless of size and excluding specific agricultural crops) are meat packing plants (5.77), cheese, natural and processed (4.13), nitrogenous and phosphatic fertilizers (3.57), wet corn milling

(3.54), poultry and eggs (3.53), motor vehicles (3.51), fluid milk (3.44), state and local utilities (3.12), and wines, brandy, and brand spirits (3.00).

- Health services accounts for approximately 7.5% of the dollar value of total production and 5.7% of the dollar value of all county exports of goods and services. It has an employment multiplier of 1.81. Compared to San Joaquin and Merced Counties, it employs a larger proportion of the County workforce and has greater shares of employee compensation, total production, and total exports.

Finding 9: Private and public employers in Stanislaus County express concerns about worker skills and work attitudes, support job training, and are generally optimistic about their future job growth potential.

This section examines responses to a mail survey that was sent to 3,111 private firms and public agencies in Stanislaus County in late 1997. Of these, 592 questionnaires were completed and returned, for a response rate of 19.1%. This represents a relatively high rate of return for this type of survey. Respondents represented a fairly accurate cross-section of private businesses and public agencies in Stanislaus County. Among other objectives, the survey sought to tap employer perceptions of employee skills, work attitudes, training, and obstacles to hiring and retention.

- While employers tend to give their workers passing grades when interpersonal, personal, thinking, basic, and technical skill levels are assessed, substantial minorities – ranging from one-fourth to nearly two-fifths – rate worker skills as “poor.” From the perspective of employers, the skill areas most in need of development are thinking and basic skills. Employers in manufacturing (especially those outside food processing) and business services express the greatest concerns about worker skills. Inadequate experience and skills as well as a poor work ethic are, by wide margins, the most commonly encountered problems in hiring and retaining workers. (Tables 10 and 11)

Table 10
Employer Perceptions of Employee Skills

Qualities/Skills	% Rating as Good	% Rating as Adequate	% Rating as Poor	# of Responses
Interpersonal	11.5	63.6	24.9	547
Technical	7.8	63.9	28.4	529
Personal	10.1	56.9	33.1	547
Thinking	6.4	57.3	36.3	548
Basic	8.9	52.2	38.9	548

Table 11
Percent of Firms Indicating County Workforce Skill Level Is Poor

Industry	Interpersonal Skills	Technical Skills	Personal Skills	Thinking Skills	Basic Skills	#
Agriculture	22%	16%	31%	29%	33%	59
Food Manufact.	23	19	35	35	38	29
Nonfood Manufact.	29	34	34	49	63	49
F.I.R.E.*	10	29	24	19	29	30
Retail	19	25	30	30	32	96
Wholesale	17	42	42	33	33	17
Construction	20	30	33	35	43	55
Transportation & Utilities	26	39	33	17	50	21
Business Services	25	30	45	55	40	22
Health Services	26	23	28	38	26	63
Public and Other Services	16	25	22	28	29	135

F.I.R.E = Finance, Insurance, Real Estate

- Employers enthusiastically endorse job training programs and nearly 90% agree that the unemployed and welfare recipients would benefit from training. Three-quarters believe that job training programs represent a good use of public funds while two-thirds maintain that public funds should be utilized to subsidize on-the-job training. A majority of employers indicate that they would be willing to partner with other firms and agencies in providing on-site training. Three-quarters of the respondents express concern about existing government training programs, a percentage which is not out of line with the results of national surveys. Nor is it surprising, since government training programs uniquely address the needs of those who face the greatest personal and structural barriers to employment.
- Employers in larger firms are more likely to consider transportation and child care to be serious barriers to employment. Sixty percent of all employer respondents report that they have transportation available to their worksites while only 1.4% provide on-site child care.
- Overall, employers in Stanislaus County are optimistic about their near-term growth potential. Fully 75% of those responding to the survey anticipate an increase in their workforce over the next five years, although most believe the growth will be modest. Thirty-six percent expect growth in the range of 1-10% while another 20% foresee growth in the 11-20% range. Approximately 10% expect greater than 30% growth. Business expansion is the primary reason cited for the anticipated increase in the workforce.

- Focus group responses overall were consistent with the survey results. There was general agreement that lack of education, training, and job skills are the most serious barriers to employment in Stanislaus County. Global competition, child care, transportation, the shift in demographics, unrealistic expectations of the unemployed, health insurance, as well as personal choice and attitude, were other barriers to employment cited in one or more focus groups. For entry level jobs, most participants agreed that basic skills are needed first. For skilled jobs which are in demand, a number of business officials concluded that their firms should play a major role in teaching technical and industry-specific skills.

- For welfare reforms to work, according to most participants, a coordinated effort is needed between businesses and government agencies, unions, and educational institutions. However, a number of business officials also concluded that state, County, and city agencies that deal with the unemployed and welfare recipients need to coordinate their own efforts.

Finding 10: Welfare recipients identify “affordable child care” and “transportation” as the two most formidable barriers to employment. The unemployed believe that “lack [of] technical skills,” “too little education,” and “difficulties with English” are the top barriers. Not only do welfare recipients consider these items to be major barriers, they also choose them with greater frequency. Other regularly mentioned barriers for welfare recipients but not the unemployed are “inadequate clothing,” “disabilities/ill health,” “no telephone,” and “inadequate experience.” Compared to the unemployed, those receiving welfare have lived in Stanislaus County a shorter period of time, have lower educational attainment levels, have a less secure work history, have a less stable family structure, have lower expectations regarding the hourly wage they would be willing to accept, and are more likely to be participating in a job training program.

These findings are based on the results of surveys of 323 welfare recipients through the Stanislaus County Community Services Agency (aka CSA group, CSA respondents, and welfare recipients) and 70 unemployment insurance benefit recipients (aka EDD group, EDD respondents, and unemployed) through the Employment Development Department. The CSA group consisted of new public assistance applicants and persons in the process of going through the transition from AFDC (Aid to Families with Dependent Children) to TANF (Temporary Assistance to Needy Families). Each person in the EDD group was a participant in a job search program administered by the Private Industry Council. In both cases, respondents completed a seven-page questionnaire that addressed, among other topics, work history, employment barriers, educational attainment levels and training, family status, and attitudes toward work.

- When CSA and EDD respondents identify perceived barriers to employment, there are similarities, but the differences – in both scale and content -- are even more striking. For unemployment insurance recipients, the top three barriers to employment are: “lack

technical skills” (18.6%), “too little education” (15.9%), and “difficulties with English” (14.3%). Not only do welfare recipients consider these to be important barriers, they also choose them with greater frequency than do the unemployed (the percentages are 21.1%, 21.4%, and 15.2%, respectively). However, the top two barriers to employment for welfare recipients are “affordable child care” (27.2%) and “transportation” (24.5%). These selections reflect both life circumstances and the demographic characteristics of those receiving public assistance. Approximately 5% of the welfare recipients indicate that they need to stay home to care for a sick child, 79% have at least one child requiring child care, and 43% have more than one child needing care. In contrast, no one in the EDD group was unavailable to work because of a sick child at home, 10% consider affordable child care to be a problem, 43% have at least one child requiring child care, and 15% have more than one child needing child care. With respect to transportation, 25% of the CSA respondents report that they have no reliable automobile available while 6% are unable to use public transportation (this latter statistic does not address how well public transportation serves personal and work-related needs). The percentages for EDD group are significantly lower. For example, only 9% lack a reliable car. Other frequently mentioned barriers for welfare recipients but not the unemployed are “inadequate clothing” (19.5%), “disabilities/ill health” (14.2%), “no telephone” (11.5%). and “inadequate experience” (11.5%). Both groups share a concern about “lack of job information.” (Table 12)

Table 12
Percent of Welfare and Unemployment Insurance Respondents Who Report
a Barrier to Employment

Barrier	Welfare Recipients N=323	Unemployment Insurance Recipients N=70
Affordable Child Care	27.2%	10.0%
Transportation	24.5	8.6
Too Little Education	21.4	15.9
Lack Technical Skills	21.1	18.6
Inadequate Clothing	19.5	2.9
Difficulties with English	15.2	14.3
Disability/Ill Health	14.2	7.1
Lack of Job Information	13.0	10.0
No Telephone	11.5	1.4
Inadequate Experience	11.5	0.0
Problems at Home	9.0	2.9
Lack of Health Insurance	8.0	5.7
Cannot Read or Write	6.2	8.6
Misdemeanor/Felony Conviction	5.9	4.3
Ill Child	4.6	0.0
Alcohol/Drug Use	3.4	1.4
Move Frequently	3.4	0.0

- Three-fifths of the EDD respondents and a majority of CSA respondents have lived in Stanislaus County more than ten years. However, 24% of welfare respondents have resided here less than two years.

- Although both CSA and EDD respondents have relatively low educational attainment levels, welfare recipients are more likely to face educational deficits. Among welfare recipients, 46.6% have not completed a formal high school education, compared to 35.8% of the unemployed. Yet participants in the survey also report other educational options pursued: 13% of the welfare recipients and 9% of the unemployed have a GED while 6% of the CSA group and 11% of the EDD group have a trade or vocational certificate.

- EDD respondents have a more traditional and stable family structure than CSA respondents. Approximately 68% of the unemployed are married compared to 39% of welfare recipients. Of the latter, 15.2% are divorced, 21% are separated, 23% have never been married, and 2.1% are widows. Each of these percentages is higher than for EDD respondents.

- Consistent with the results of many studies, 85% of the welfare respondents in Stanislaus County have worked at some time for pay. Of these, 61.4% have worked during the past year. Although very few respondents in the EDD group have not worked for more than one year, 39% of those in the CSA group have faced this situation. In fact, 30% have been out of work for more than three years. Respondents do not make a distinction between mainstream employment and employment in the underground economy.

- While many welfare recipients have worked, perhaps even continue to work at odd jobs, the duration of employment tends to be relatively brief. Of all CSA respondents, 63.7% indicated that they worked for less than a year at their last job. In contrast, 43.5% of EDD respondents did so. Even more striking are the differences in longer term job persistence rates. Among welfare recipients, 7% worked for three to five years at the last job while only 13% worked at least five years. The proportions for the unemployment insurance recipients are 11.6% and 29%. When they do work, 58.8% of welfare recipients report that they work 40 hours or more per week, compared to 86.8% of the unemployment insurance group. However, 22.9% of the CSA respondents also indicate that they work twenty or fewer hours per week. Only 7.4% of EDD respondents do so. When job duration is related to educational attainment and age, the latter appears to be a more powerful explanatory factor, especially for welfare recipients. It can be attributed to the relatively low educational attainment levels for a majority of recipients, the greater

likelihood of family problems involving children at younger ages, and the maturity and experience normally developed as one ages.

- Welfare recipients have lower expectations than the unemployed regarding the hourly wage they would be willing to accept. Seventy-six percent of the CSA respondents are prepared to accept a “reservation” wage of \$6 or less while 97% are willing to settle for \$8 or less. The percentages for EDD respondents are 4.5% and 47%. In fact, among the latter group, a majority would go no lower than \$9 per hour while one quarter would not take less than \$12 per hour. Since wage expectations for welfare recipients are relatively modest, it may be easier to place them in entry level positions that offer relatively modest wages. From a broader perspective, however, the responses of welfare recipients do not appear take into account the actual costs of running a household, particularly when the dollar value of cash and other benefits from public assistance exceed anticipated wages.

- Although low educational attainment levels, deficient skills, and inadequate job preparation all contribute to problems of obtaining and retaining jobs, only 10.1% of the respondents in the EDD group are attending school and only 13.3% are participating in job training programs. This is in spite of the fact that respondents readily admit that they need to improve their education and skills. Welfare recipients are somewhat more likely to be attending school (19.5%), while a majority are involved in training programs. Most of these participate in GAIN (Greater Avenues for Independence) and PIC (Private Industry Council) training.

- The survey results show that mothers usually enter the welfare stream because of either employment-related or family-related life changes. In the former situation, they rely on public assistance when their jobs disappear, or when they are laid off, quit, or are terminated. In the latter case, they opt for welfare when destabilizing family events that impact children, such as separation and divorce, occur.

Finding 11: While social service providers generally agree that child care, limited skills, low education levels, limited English, and inadequate transportation are major barriers to employment, they also believe that there are attitudinal and behavioral impediments as well. Providers express concerns about the skill levels of the unemployed and, especially, welfare recipients.

Ninety-nine social service providers employed either by Stanislaus County or by private, nonprofit agencies completed and returned a mail survey that was distributed in May 1998. Respondents are employed by agencies and organizations that offer one or more services to people who are or have been out of work. Ninety-one of the participants in the survey work directly with the agency’s clientele. The remaining eight hold managerial positions. The objective

in surveying social service professionals was to highlight yet another perspective on the unemployed and welfare recipients: who they are, the job barriers they face, their skills, and work history.

- The social service professionals surveyed rate child care as the number one barrier to employment (it was selected by 75% of them). Like welfare recipients, they consider inadequate, limited skills, low education levels, limited English, and transportation as serious problems. Problems identified as significant by service providers, but not listed by either welfare recipients or unemployment insurance recipients, are the inability to cope with daily problems, low motivation, and poor work habits. Social service professionals also believe that alcohol and drug abuse as well as felony convictions are more serious problems than the reports of welfare recipients. The basic difference in responses between dependent populations and social service professionals is that whereas the former see barriers primarily in structural terms (child care, transportation, education) the latter consider them to be a consequence of structural, attitudinal and, behavioral factors.
- When social service professionals assess the skills of the workforce, the unemployed, and welfare populations, they express concerns about all types of skills for all three groups. However, the lowest ratings are reserved for technical skills. While the skills of the general workforce are regarded as “adequate,” social service providers are troubled by the skill levels of the unemployed and (especially) welfare recipients. In fact, at least 60% of the social service professionals who responded to a survey rate welfare recipients as “poor” in each of the five skill categories addressed (technical, basic, interpersonal, personal, and thinking), and approximately three quarters consider them as “poor” in both technical and basic skills.

Finding 12: Slightly less than one-half of the applicants for unemployment insurance in 1997 did not have a high school diploma, one-half were Hispanic, a slight majority were previously employed in manufacturing and agricultural production/services, and nearly one-half were in food processing, construction, and agriculturally related occupations. Approximately one-sixth had some college or trade school education but no degree, a proportion that may reflect their numbers in the population as well as university and college students working full-time or part-time while attending school. There was a very definite geographic concentration of the unemployed, with almost one-quarter of the total residing in the 95351 and 95350 ZIP codes.

Finding 13: There is a distinction between unemployment applicants who are unemployed recurrently or intermittently and those who lose their jobs without any

expectation that they will return to work with the same employer. More than three-fifths of those collecting unemployment insurance expect to be recalled to work in 1997. Hispanics, individuals without a high school diploma, and those employed in manufacturing, agricultural, and construction industries and occupations were most likely to be recalled. When the analysis is limited to those with no prospects of future employment, the nature of Stanislaus County's unemployment changes somewhat. Not only are the numbers considerably lower, but former employees in retail trade and personal services are significantly more likely to appear among the unemployed. Even with adjustment for recall, slightly less than 25% of the unemployment insurance applicants resided in the 95351 and 95350 ZIP codes.

The unemployed examined here are the 31,237 eligible individuals who applied for, and received, unemployment insurance (UI) in 1997. The demographic and other data generated are based on the responses to questionnaires completed at the time applications were submitted. UI recipients as a group (also referred to as the insured unemployed) are a subset of all the unemployed and are likely to have lost their jobs for reasons beyond their immediate control. The other reported unemployed – new entrants and reentrants into the labor force, those who voluntarily leave their jobs, and the self-employed – generally are not eligible for UI, and may not share precisely the same profile. Additionally, some part-time workers may file claims for modest unemployment benefits. For these reasons, the findings below should be viewed principally as indicators of the local unemployment picture. Given the relatively large number of seasonal, part-time, and temporary positions in all industries, however, those who are “laid off” in Stanislaus County constitute a larger proportion of all unemployed than in the state or nation.

- Of all applicants for unemployment insurance benefits in 1997, 44.5% did not have a high school diploma (substantially higher than the 31.6% of the population 25 years and older without a diploma in 1990), 49.9% were Hispanic (double their share of the population in 1996), 46.6% were women (which was slightly higher than their presence in the labor force), 23.1% were in the 95351 and 95350 ZIP codes (indicating a geographic concentration of the unemployed), 52.1% were in manufacturing and agricultural production/services (compared to their 29.3% of total employment in 1997), and 48.7% were in food processing, construction, and agriculturally related occupations (reflecting the County's industry structure).
- While the insured unemployed with some college or technical school but no degree constituted a smaller proportion of the total insured unemployed than high school graduates, their 16.3% share was significantly higher than those with A.A. degrees (2.3%) and Bachelor's and graduate degrees (2.6%). Possible explanations for this apparently high percentage include the relatively impressive proportion of adults in Stanislaus County with some college (22.2% in 1990) and university/college students who had been working previously full-time or part-time while attending school. A number of the top occupations of UI applicants with some college provide flexible hours within the academic year, seasonally, and during the summer months. These include

food processing, typists, cashiers and tellers, construction, health care, and waiters/waitresses.

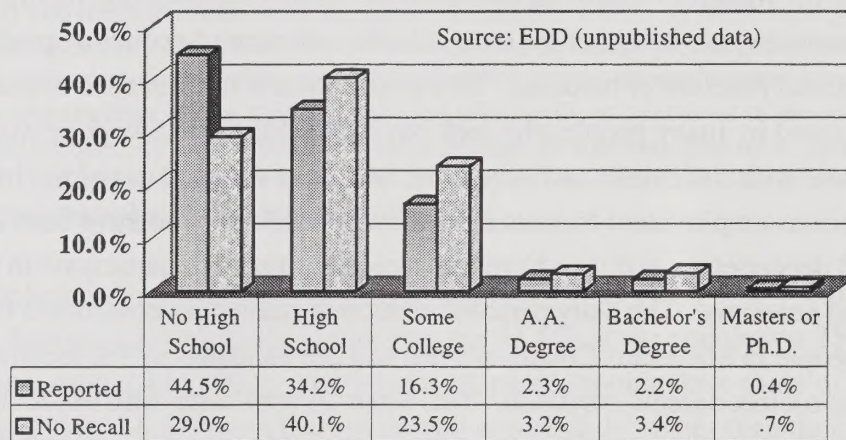
- There is a relationship between skill levels and unemployment. Among UI applicants, 6.3% were in professional, technical, and managerial occupations, 3.3% were in machine trades occupations, and 3.5% were in benchwork occupations.

- Reported unemployment may be unusually high in light of the employment experiences of many members of the labor force. There is, in fact, a distinction between UI applicants who are unemployed recurrently or intermittently and those who lose their jobs without any expectation that they will return to work with the same employer. In an economy that relies on seasonal employment, this is a critical distinction with implications for what it means to be unemployed. It also suggests that reported unemployment may not be either the most reliable indicator of economic performance or even the optimal measure of hardship. This observation is not designed to minimize the difficulties faced by many people who seek but are unable to find work or work commensurate with their skills and education, who have dropped out of the labor force, who face serious employment barriers in local labor markets, who have been driven into poverty and dependency, and who have been forced or opted to participate in the underground economy. The daily personal economic challenges confronted by diverse groups of people in Stanislaus County are real and are validated by the income and other indicators of socioeconomic condition. Yet, when UI applicants who expect to be recalled to work are subtracted from the reported unemployment insurance totals, the results are significantly lower. Of the 31,237 reported applicants in 1997, 12,276, or less than two-fifths, did not expect to return to their jobs.

- The demographic characteristics of the unemployed who are likely to return to work underscore the opportunities provided by the existing structure of the local economy that might be not available under different circumstances. Two important effects, however, are lower earnings and income. Of those expecting to be recalled in 1997, 54.5% did not have a high school diploma (which was nearly three-quarters of those receiving unemployment benefits with this educational attainment level); 61.3% were Hispanic; 22.6% were in the 95351 and 95350 ZIP codes; 43.7% were in manufacturing, 22.8% were in agricultural production and services, and 10.7% were in construction (with most linked to seasonal employment); and 41.7% were in processing occupations, 12% were in agricultural occupations, and 9.7% were in occupations linked to construction (again, reflecting the seasonal patterns of employment).

- For the most part, those with lower educational attainment levels are more likely to expect recall. In fact, 74.4% of those with less than a high school diploma fit this description, and in 1997 they represented only 29% of those not expecting to return to work with an employer, as opposed to 44.5% based on the reported numbers. The effect of these anticipated recalls in 1997 was to increase the residual unemployment shares of all other educational groups. In particular, the proportions of total UI applications increased from 34.2% to 40.1% for high school graduates and from 16.3% to 23.5% for those with some college and no degree. (Figure 17)

Figure 17
Educational Attainment of Applicants for Unemployment Insurance:
Reported and Adjusted Percentages: 1997



- Once the reported unemployment insurance numbers are adjusted for recall, a somewhat different picture of unemployment in Stanislaus County emerges. In fact, the distributions by educational attainment and race/ethnicity in 1997 – while still skewed – were closer to the actual distributions in the population. However, the proportions of adjusted UI applications increased from 34.2% to 40.1% for high school graduates and from 16.3% to 23.5% for those with some college and no degree. Of greater significance were the effects of likely recall on industries and occupations. Only 26.4% and 38.8% of UI applicants in services and retail trade expressed knowledge or confidence that they would be recalled to work by their former employers. Consequently, the proportion of UI applications in retail trade nearly doubled from 10.8% to 20.3% while in services, it jumped from 20.1% to 31.3%. In both instances, the adjusted percentages were higher than shares of total employment, significantly so in services. In contrast to processing occupations, the proportions of recipients employed previously in service-oriented

occupations increased materially after recall was considered, particularly those in retail trade and services. The following occupations, together with their percentages of the adjusted UI total, are illustrative: cashiers and tellers (6.3%); stenographers/office clerical (4.1%); waiters/waitresses (2.8%); typists (2.6%); and sales clerks (1.8%). These positions share one or more of the following attributes: they are relatively low skilled and routine, generally insecure, often part-time with flexible hours, subject to elimination as a result of advances in technology, and occupants are easily replaceable. (Figures 18 and 19)

Figure 18
Industry of Applicants for Unemployment Insurance
Reported and Adjusted Percentages: 1997

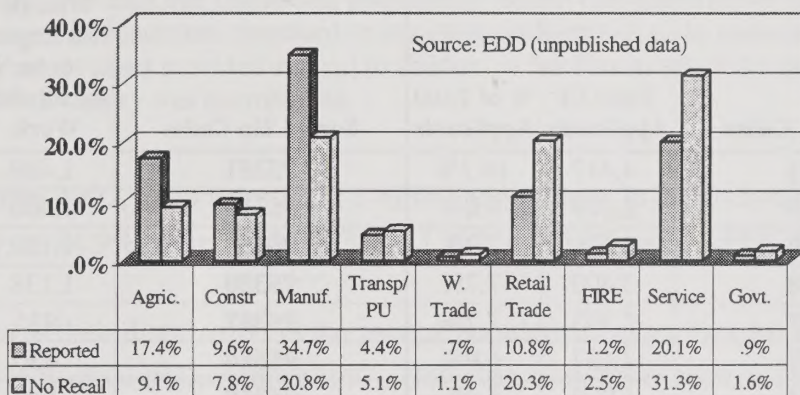
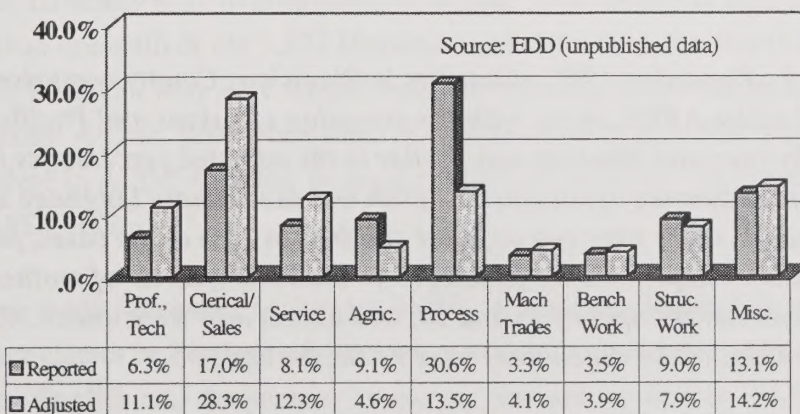


Figure 19
Occupational Groups of Unemployment Insurance Applicants
Reported and Adjusted Percentages: 1997



- The one variable that does not appear to change materially after adjustment is made for recall is the geographic distribution of the unemployed. There may be some movement up and down in the rankings of ZIP codes, but the ones that have the largest numbers of seasonal employees also have the largest shares of applicants for first and second before and after adjustment, contained slightly less than one-fourth of UI applicants in both instances. (Table 13)

Table 13
ZIP Codes Sorted by Reported UI Recipients and Those Who Do Not Expect to be Recalled to Work: 1997

Reported			Adjusted for Recall Status		
Sorted Zip Codes	Total UI Applicants	% of Total Applicants	Sorted Zip Codes	UI Applicants Who Do Not Expect to be Recalled to Work	% of Applicants
95351	4,417	14.1%	95351	1,469	12.0%
95350	2,808	9.0%	95350	1,466	11.9%
95380	2,456	7.9%	95355	1,159	9.4%
95358	2,400	7.7%	95380	1,138	9.3%
95307	2,395	7.7%	95307	935	7.6%
95355	2,167	6.9%	95354	830	6.8%
95354	1,999	6.4%	95358	819	6.7%
95367	1,763	5.6%	95361	661	5.4%
95361	1,720	5.5%	95356	627	5.1%
95363	1,351	4.3%	95367	487	4.0%
All UI Applicants	31,237	100.0%	UI Applicants Not Likely to be Recalled	12,276	100%

Source: Employment Development Department (unpublished data)

***Finding 14:** In December 1997, minorities in Stanislaus County comprised nearly half of the 12,333 active AFDC cases; with the exception of Asians and Pacific Islanders, the distribution by race and ethnicity was similar to the adjusted percentages for unemployment insurance applicants. English was the primary language spoken in four-fifths of the cases, there were two or fewer children in 71% of the cases, just under four-fifths of the adult recipients were female, more than one-quarter of mothers and female adults were between the ages of 18 and 24, and almost half were under 30, and slightly less than one-third of the dependents were under the age of 5.*

***Finding 15:** Lengthy periods of continuous welfare reciprocity do not appear to be the norm. In December 1997, a majority of AFDC cases were active for three years or less,*

and only one-quarter were active for more than five years. Additionally, the evidence does not show that Stanislaus County attracts significant numbers of welfare recipients from other areas. However, there is a definite geographic concentration of cases, with more than one-third in the 95351 and 95350 ZIP Codes.

Welfare reform has changed dependency rules and imposed work requirements with specific timetables on able-bodied adults. In the process, core income maintenance programs have been redesigned and refocused. Even the nomenclature has been altered. Aid to Families with Dependent Children (AFDC), the flagship entitlement for decades, has been replaced by Temporary Assistance to Needy Families (TANF). What previously was the Stanislaus County Department of Social Services has become, consistent with its revised mission, the Community Services Agency.

The analysis of AFDC records focuses on caseloads and populations in December 1997. Prior to its termination, there were two separate programs administered by the Community Services Agency: (1) AFDC-FG (Family Group) and AFDC-U (Unemployed). Family Group cases covered children in families in which at least one parent was permanently absent (the predominant situation) or where a parent was incapacitated, deceased or otherwise ineligible (e.g., an undocumented alien). Unemployed Persons cases provided support to children in families in which the primary wage earner with a work history was unemployed.

- In December 1997, there were 12,311 AFDC active cases in Stanislaus County. Of these, 10,449, or 84.9%, were AFDC-FG and 1,862, or 15.1% were AFDC-U.
- Compared to their distribution in the general population, minorities were more likely to be recipients of welfare in December 1997. However, with the exception of Asians and Pacific Islanders, who comprised 9.4% of all AFDC recipients, the distribution was similar to the adjusted percentages for UI applicants. Among Asian/Pacific Islanders, 71.4% were Cambodians, Laotians, and Vietnamese.
- Compared to countywide percentages, Non-Hispanic Whites and African-Americans were more likely in December 1997 to be recipients of AFDC-FG while Hispanics and Asians/Pacific Islanders were overrepresented among those receiving AFDC-U. In fact, slightly less than one-fifth of the 3,827 Hispanics and more than one-fourth of the 1,152 Asians/Pacific Islanders who were AFDC recipients participated in the AFDC-U program. Among Southeast Asians, almost one-third of Laotians and slightly less than two-fifths of Vietnamese were in AFDC-U cases. In sharp contrast, 93% of the 728 African-American cases were AFDC-FG.
- There were many languages spoken by AFDC recipients in December 1997 (the precise number cannot be determined), but more striking was the high proportion of cases (80.4%) where English was the primary language. Spanish (spoken by 10.8%), Cambodian (spoken by 4%), and Lao (spoken by 1.6%) comprised most of the remainder. When the data are examined by program, important differences appear. An even higher

proportion of AFDC-FG cases (83.8%) had English as their primary language. This compared to 61.5% for those receiving AFDC-U benefits. In fact, Spanish was spoken in 21% of the AFDC-U cases while Cambodian, Lao, Vietnamese, and Hmong were spoken in 12.1% of them. (Table 14)

Table 14
Language Spoken by Type of Case

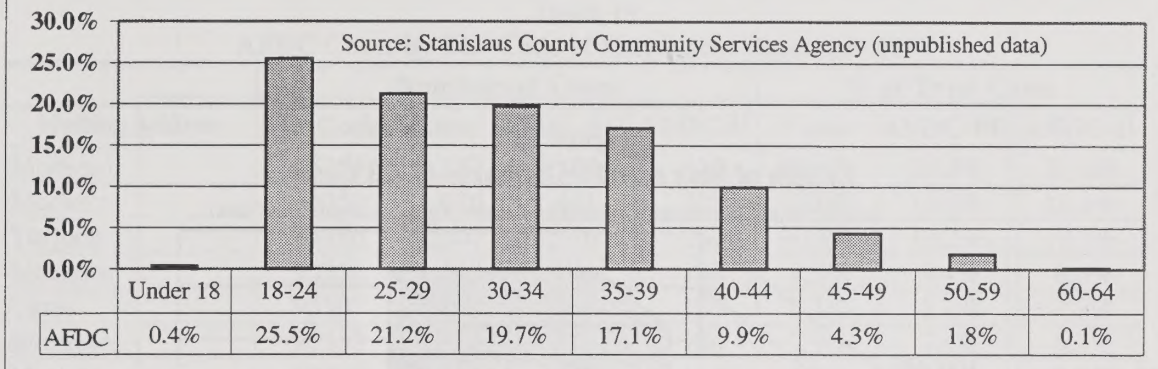
Language Spoken	Numbers			Share of Cases		
	All Cases	AFDC-FG	AFDC-U	% of Total	% of FG	% of U
English	9,873	8,731	1,142	80.4%	83.8%	61.5%
Spanish	1,321	930	391	10.8%	8.9%	21.0%
Cambodian	487	406	81	4.0%	3.9%	4.4%
Lao	202	145	57	1.6%	1.4%	3.1%
Vietnamese	105	63	42	.9%	.6%	2.3%
Hmong	86	44	42	.7%	.4%	2.3%
Russian	36	12	24	.3%	.1%	1.3%
Other	173	94	103	1.4%	.9%	4.3%
Total	12,283	10,425	1,858	100%	100%	100%
Not Identified	28	24	4			

Source: Stanislaus County Community Services Agency (unpublished data)

- Almost all (i.e., 96.8%) of AFDC-FG cases included fewer than two adults while a slight majority (i.e., 52.9%) of AFDC-U cases contained two adults. The former is consistent with expectations, but the latter is somewhat surprising since the unemployment program permitted two parent families to be eligible for benefits. Among adult recipients, slightly less than fourth-fifths (78.1%) were mothers and adult females in December 1997, while another one-fifth (19.8%) were fathers or adult males. Mothers or other adult females comprised 87.4% of all adults receiving AFDC-FG while nearly half of all adults in the AFDC-U program were AFDC-U fathers or other males.
- Contrary to the image of welfare that is sometimes portrayed, 70.9% of all AFDC cases in December 1997 had two or fewer children. This included nearly three-fourths of the traditional Family Group cases (74.6%) and a slight majority of the Unemployment cases. In fact, 43.3% of the AFDC-FG caseload contained only one child.
- Two-fifths of all AFDC cases with one adult (the typical pattern for AFDC-FG) also had one child while an additional 30% had two children. For two adult households (more common for AFDC-U), 21.7% contained one child and 29.1% included two children. Interestingly, only 10.7% of cases with one adult had more than three children, compared to 26.2% for two adult households.

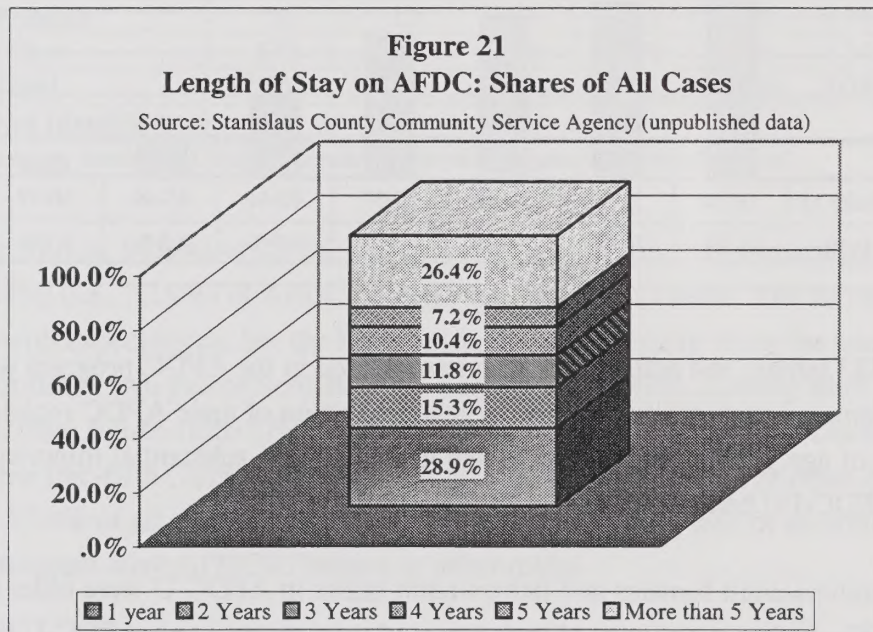
- The largest concentrations of mothers and female adults receiving welfare in December 1997 were in the 18 to 24 and 25 to 29 age brackets. The former age cohort comprised slightly more than one-quarter of all mothers and female adults and 26.3% of those receiving AFDC-FG. An additional 21.2% of those 25 to 29 years of age participated in the AFDC program; 20.8% of the AFDC-FG female recipients were in this age group. Since over one-fourth of the mothers and female adults relying on AFDC benefits were under the age of 25, and nearly half were under the age of 30, their work histories tend to be quite limited, sporadic, and insecure. (Figure 20)

Figure 20
Age Distribution of Mothers on AFDC: December 1997



- The 2,233 fathers and adult males who participated in the AFDC program were older than their female counterparts, with the largest proportion of male AFDC recipients being 30 to 39 years of age. Although a majority were in AFDC-U, a substantial minority – 37.4% -- received AFDC-FG benefits.
- Both mothers/adult females and fathers/adult males in AFDC-U were older than those in AFDC-FG. In fact, a majority of both men and women receiving AFDC-U benefits were over the age of 30. Many of these individuals have a work history, but their presence on AFDC rolls suggests that they faced imposing challenges in local labor markets.
- Overall, 11.5% of dependents were under two years of age, 18.4% were under three, and 31.5% were under five. In the AFDC-FG program (which contained 79.5% of all dependents), 30.2% (or 6,275) were under the age of five and 10.9% (or 1,934) were under the age of two. If a child begins school at the age of five, then a sizeable minority of all dependents are pre-school and will require child care assistance if parents are employed.

- Contrary to some popular images, very lengthy periods of continuous reciprocity do not appear to be the norm. In December 1997, 44.2% of the AFDC cases had been active for one or two years, 56% for three years or less, and only 26.4% for more than five years. Among racial and ethnic groups, Asians/Pacific Islanders stay on AFDC significantly longer than others. With respect to AFDC-FG, 77.1% of Asians/Pacific Islanders first received benefits more than three years prior to December 1997 while 64.6% received them for more than five years. The comparable, and more striking, figures for AFDC-U were 82.5% and 70.8%. No other group came close to approaching these levels in either program, although part of the reason may be the special refugee assistance provided to Southeast Asians. Only 40% and 22.5% of Hispanics spent more than three and five years, respectively, on AFDC-FG. Among all groups with more than 100 AFDC-FG cases, African-Americans stayed on AFDC the shortest period of time. (Figure 21)



- Although Stanislaus County offers an affordable lifestyle and pleasant climate, it does not appear to be an area that serves as a magnet for welfare recipients. An examination of AFDC caseload transfers from other counties reveals that 17.6% of all active cases in December 1997 involved intercounty transfers. There is, in fact, a correspondence between the counties of origin for the general population and the counties of origin for the AFDC population (the top four sources in both instances are Santa Clara, San Joaquin, Merced, and Alameda). Additionally, the share of all population growth due to migration has been significantly higher for the general population than it has been for the welfare population.

Not surprisingly, AFDC-U cases are less likely to involve transfers from other counties. In December 1997, they were 12.3% of the total versus 18.6% for AFDC-FG cases.

- There is a definite geographic concentration of welfare recipients in Stanislaus County. Once again, the 95351 and 95350 ZIP Codes stand out. These two areas had more than 34% of AFDC, AFDC-FG, and AFDC-U recipients in December 1997. The AFDC ZIP code data, combined with those on the unemployed and PIC trainees (see below), demonstrate conclusively that substantial numbers of at-risk households are located in certain areas of Stanislaus County. Taking the analysis one step further, there are concentrations of AFDC recipients in certain neighborhoods as well. This finding helps build a case for targeting and community-based strategies. (Tables 15 and 16)

Table 15
AFDC Cases by ZIP Code of Residence: December 1997

Mailing Address	Numbers of Cases				% of Total Cases		
	ZIP Codes	Cases	AFDC-FG	AFDC-U	Cases	AFDC-FG	AFDC-U
Modesto	95351	2,537	2,120	417	20.6%	20.3%	22.4%
Modesto	95350	1,676	1,451	225	13.6%	13.9%	12.1%
Turlock	95380	1,307	1,070	237	10.6%	10.2%	12.7%
Modesto	95354	1,149	986	163	9.3%	9.4%	8.8%
Ceres	95307	999	864	135	8.1%	8.3%	7.3%
Modesto	95355	897	773	124	7.3%	7.4%	6.7%
Modesto	95358	764	627	137	6.2%	6.0%	7.4%
Modesto	95356	476	400	76	3.9%	3.8%	4.1%
Oakdale	95361	436	383	53	3.5%	3.7%	2.8%
Riverbank	95367	308	266	42	2.5%	2.5%	2.3%
Total Cases		12,311	10,449	1,862	100%	100%	100%

Source: Community Services Agency (unpublished data)

Table 16
Neighborhoods Ranked by Number of AFDC Cases

Approximate Boundaries	# of AFDC Cases	Share of all AFDC Cases
East of Carpenter; Southeast of Paradise; North of Robertson Road	389	3.1%
South of W. Rumble Road; East of Conant and West of Prescott; North of Plaza Drive	230	1.8%
South of Hatch; North of Whitmore; West of Central Road; East of Richland Avenue	203	1.6%
North of Whitmore; South of Glenn; East of Tuscon/Ustick; West of Crows Landing	198	1.6%
Airport District	180	1.4%
Southeast of Paradise; South of Tuolumne/Western Ave.; West of Roselawn; North of Rouse Ave.	170	1.4%
South of Main; West of Lander; North of South Ave; East of West Ave. (Turlock)	163	1.3%
South of River Road; East of South 9th Street;	161	1.3%

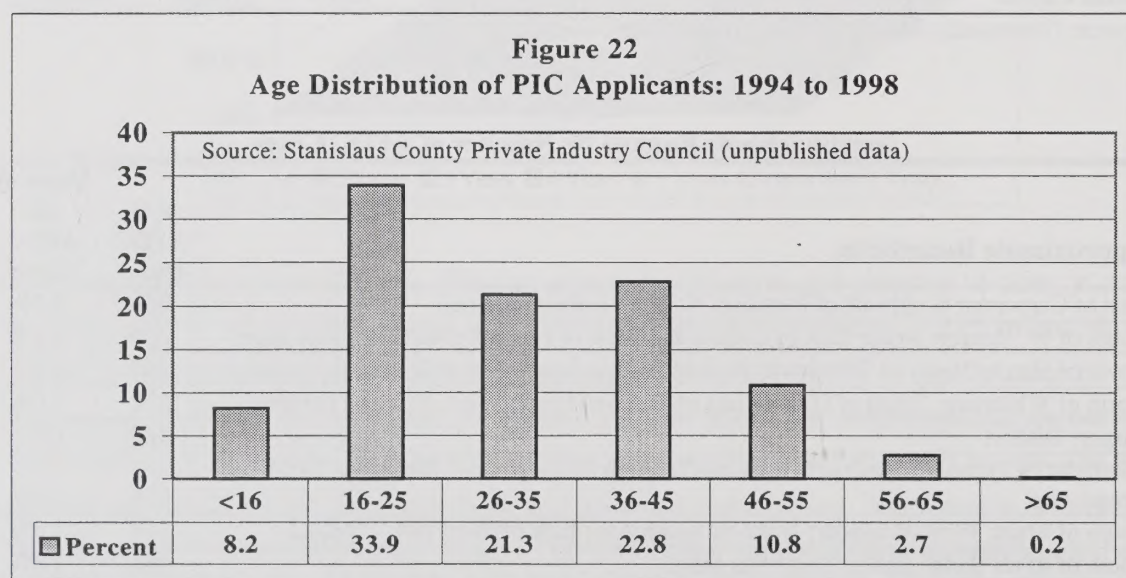
Source: Community Services Agency (unpublished data)

Finding 16: *The PIC applicant pool is composed disproportionately of at-risk populations. A majority of applicants over a nearly four year period were women and minorities, over one-quarter were 25 years of age and younger, more than one-quarter were single heads of household with dependent children, and close to half were welfare recipients and/or food stamp recipients.*

Finding 17: *Educational attainment, school dropout, and educational performance indicators reveal that PIC applicants face formidable barriers to employment. Welfare recipients face greater difficulties than recipients of unemployment insurance while long-term participants in social service programs face the greatest challenges.*

The findings below are based on an analysis of job training applicant pool data provided by the Private Industry Council (PIC). It covers 6,997 applicants to the program from July 1, 1994 to March 30, 1998, more than 70% of whom were AFDC recipients, participants in the unemployment insurance program, and individuals who exhausted their unemployment insurance benefits. PIC's training programs are offered to at-risk populations who are dependent on government assistance, unable to secure employment because of the barriers they face, and dislocated due to layoffs and plant closures. PIC works with local businesses to place trainees and it coordinates its efforts with other training providers as well as the Employment Development Department and Community Services Agency.

- Between 1994 and 1998, 59.9% of PIC applicants were women. Applicants were generally young, with 33.9% between the ages of 16-25. Another 21.3% were between 26 and 35 years of age. More than 8% were under the age of 16 and 9.7% were 16 and 17 years old. These data are not surprising since young people, especially those with the greatest skills and educational deficits, tend to have the highest unemployment levels. (Figure 22)



- Of the 6,997 PIC applicants, 43.5% were White-Non Hispanic, 37.1% were Hispanic, about 12.7% were Asian/Pacific Islander, 4.9% were African American, and 1.5% were Native American.
- Among all ZIP codes of residence, 32.7% of PIC applicants were from the 95351 and 95350 areas. Not surprisingly, this geographic concentration is similar to the concentrations of unemployment insurance and AFDC recipients. (Table 17)

Table 17
PIC Applicants by ZIP Code
July 1994 to March 1998

ZIP CODE	Frequency	Percent
95351	1,407	20.0%
95350	889	12.7
95380	663	9.5
95307	650	9.3
95354	590	8.4
95355	589	8.4
95358	440	6.3
95356	299	4.3
95361	221	3.2
95367	206	2.9

Source: Stanislaus County Private Industry Council

- With 28.4% of all applicants, parents in two parent families were the largest family group represented. However, 26.2% were single head of households with dependent children. This is a group that will be especially impacted by child care needs. Another 22.2% were family members. A family member is anyone other than a parent who is living in a family household. However, 23% of the PIC household population contained only one person while 45.1% did not have any dependents.
- People who are eligible for assistance from a variety of government programs are eligible to participate in PIC training. Of all PIC applicants between 1994 and 1998, 47.3% were AFDC recipients. These individuals are classified as long term AFDC recipients if they received AFDC payments in any 36 or more of the 60 months prior to completing the PIC application. There were 2,100 applicants, or 30% of the total, who fit this description between 1994 and 1998. In addition, 47.7% of the PIC applicants were receiving Food Stamps, and another 2.7% were eligible. In contrast, only 21% of the applicants were recipients of unemployment insurance, while additional 3.6% had exhausted their benefits.

- Dislocated workers represented less than one-quarter of the PIC pool between 1994 and 1998. Terminated or laid off workers constituted 9.6% of the total, casualties of plant closures or substantial layoffs were 11.7%, the long-term unemployed (those unemployed for at least 15 of the prior 26 weeks) were 1.2%, and the self-employed not working were .2%.
- Relatively low educational attainment levels and performance measures (which also are key labor market performance indicators) underscore the fact that at-risk populations, an important part of the PIC constituency, face imposing barriers to employment. A majority of PIC applicants between 1994 and 1998 were either high school dropouts (38.3%) or did not have a high school diploma (29.8%). Only 12.1% went beyond high school. Close to half (47%) had reading skills below the 7th grade level while 57.1% had math skills below the 7th grade level. Nearly 72% had basic skills deficiencies, which means they had low scores on standardized tests. Those with limited English represented 19.7% of the applicant pool.
- PIC applicants also faced other barriers to employment. The absence of a significant work history (had not worked at one job for longer than 3 months in the previous two years) was the most common barrier (57.7%). Others included pregnant/parenting youth (8.7%), substance abuse (7.3%), felony offender (7.7%), non-felony offender (9.6%), and disability (8.5%). It should be noted that an applicant can be included in more than one category.
- When welfare recipients who participated in PIC programs are examined (77.5% of whom were women and one-third of whom were 25 years of age and younger), the barriers become more imposing. Within this group, 76.6% were high school dropouts. Close to 80% had less than a seventh grade math level and 69.2% had less than a seventh grade reading level. Of this group, 45.2% were limited English speaking, and 82.1% of the group lacked a significant work history. The results are even more striking for long-term welfare recipients (who, again, were predominantly female but not as young as all recipients – one quarter were 25 years of age and younger). Of those not attending school, 81% were high school dropouts, 81.3% had less than a seventh grade math level while 72.9% had a reading level below the seventh grade, 51.4% were limited English speaking, and 85.8% lacked a significant work history.
- Program participants who were unemployed fared better. Not only were they older (more than two-fifths were over the age of 35), but men and women were more evenly distributed (53.4% were female). They also were better prepared for the labor market

than welfare recipients. Within this group 17.8% dropped out of high school while half were high school graduates or the equivalent. Interestingly, nearly one-quarter had some college, a statistic that is higher than for all unemployment insurance recipients. Only 3.3% lacked a significant work history and 3.8% were limited English speaking. Yet, this group does face skills challenges: more than one-third had less than a seventh grade math level and one-fifth had less than a seventh grade reading level. (Tables 18 and 19 provide summaries of labor force preparation and employment barriers)

Table 18
Groups Compared: Labor Force Characteristics of PIC Applicants

Labor Force Characteristics	AFDC Recipients (%)	Long Term AFDC Recipients (%)	Short Term AFDC Recipients (%)	UI Participants (%)
High School Dropouts	76.6	81.0	68.1	17.8
Math < 7th Grade	79.8	83.1	73.8	34.2
Reading < 7th Grade	69.2	72.9	62.1	20.4
Limited English Speaking	45.2	51.4	33.6	3.8
Lack Significant Work Experience	82.1	85.8	74.9	3.3

Source: Stanislaus County Private Industry Council (unpublished data)

Table 19
Groups Compared: Employment Barriers (PIC Applicants)

Potential Employment Barriers	AFDC Recipients (%)	Long Term AFDC Recipients (%)	Short Term AFDC Recipients (%)	UI Participants (%)
Single Parents	53.7%	53.3%	53.9%	15.8%
Substance Abuse	4.1	4.1	4.6	7.8
Pregnant/Parenting Youth	15.5	8.1	27.6	1.3
Disability/Prevents Work	2.8	3.0	2.7	7.1
Offender (Felony)	3.1	2.8	3.7	3.9
Offender (Non-Felony)	6.8	5.7	9.1	11.5

Source: Stanislaus County Private Industry Council (unpublished data)

■ *The Bottom Line*

Conclusions and Policy Options

This report has relied on a variety of data sources to explore the County's economic development, probe the sources of employment growth, examine the characteristics of the unemployed, social service recipients, and job trainees, and highlight prominent barriers to employment. The result is a portrait of Stanislaus County that more closely corresponds to the way things are rather than what we believe them to be.

The anomaly of high unemployment is a central theme in the evolution of the Stanislaus County economy. Yet, the real value of the anomaly as an explanatory tool lies in the ongoing relationship between its two defining components—unemployment rate changes and job growth rates. By focusing only on one side of the equation or dwelling only on one month or year, important nuances may be lost and long term trends overlooked.

In particular, care should be taken in considering the meaning of the monthly unemployment rate. While the reported unemployment rate for Stanislaus County offers a useful snapshot of labor demand and supply conditions, it is not the ideal benchmark for assessing either economic performance or hardship. It is, in fact, the application of a national standard (not employed but looking for work) to a local area with a particular industry structure. In Stanislaus County, this industry structure, with its seasonal employees, guarantees that the unemployment rate will be higher certain times of the year. As a result of seasonality, temporarily laid off workers are shifted from the ranks of the employed to the unemployment insurance system. These "job losers" constitute a larger proportion of the unemployed population in Stanislaus County than in many other areas. The institutionalization of this unemployment insurance system, with its 26 weeks of support, is underscored by the fact that mortgage and other lenders consider local benefits a source of household income.

Moreover, the unemployment rate does not take into account the effects of the underground economy (whose estimated dollar impacts may have exceeded \$2 billion in 1997), underutilized labor (especially discouraged persons who have given up the search for jobs), and underemployed workers (i.e., part-time workers who prefer full-time positions as well as those employed in jobs not commensurate with their education and

skills). While there is no tangible evidence to show that underutilized labor affects the actual level of unemployment in Stanislaus County differently than it does in the nation, there are available statistics that indicate that there are substantial numbers of workers (especially women) who are employed part-time. However, those who do so involuntarily are not even considered in the calculation of the unemployment rate.

Unemployment insurance records reveal that more than three-fifths of the total applying for benefits in 1997 expected to return to their jobs. What this suggests is that statistics on the scale and distribution of reported and adjusted unemployment make it exceedingly difficult to develop a “true” unemployment rate. But the difficulties should not deflect attention away from the real focus, which should be on those without jobs and no prospects of future employment, those who work seasonally, temporarily, and part-time and prefer full-time and year-round employment, and future workers in school who need to be prepared to enter the job market. For policy-makers, the emphasis should be on the reasons for unemployment, rather than the level of a particular rate.

As noted in the introduction, there is no single source or reason for unemployment and high unemployment in Stanislaus County. Among the range of factors that have played a role for all or part of the past two decades are the following:

1. The relatively low skill and educational attainment levels of both the labor force and (especially) dependent populations have seriously hindered job search and persistence. Multiple skill deficiencies also have created a large pool of potential workers who compete for less skilled, and relatively low paying, entry-level jobs. Given the limited assets they bring to the labor market, and in the absence of training, these members of the labor force have had lower job mobility, fewer employment options available, and been the most vulnerable to change in the labor market. They also have been easily replaced by others who can perform the tasks associated with their jobs.
2. The other structural and personal barriers to employment facing at-risk populations have made them less employable and less likely to retain their jobs. For increasingly diverse and fast-growing populations, linguistic and cultural differences have added another set of barriers.
3. The advances in workplace technology have enabled employers to introduce labor saving equipment and processes that either have replaced workers (e.g., in financial services) or reduced the number of workers required to perform a set of tasks. This has applied as well to agricultural jobs. Ironically, technology has raised expectations

- about job performance and, in the process, made it difficult for less skilled members of the labor force to compete for jobs that they could obtain previously.
4. The population driven jobs that have been hallmarks of employment growth have not created either a secure employment structure (many are part-time with flexible hours) or served as catalysts for job creation in other industries.
 5. The relatively high levels of seasonal and temporary employment in a number of industries have included workers with no prospects of future work with the same employer.
 6. The growth of the labor force during certain periods (such as the latter years of the 1980s) has outpaced job growth. This has led to a surplus of labor.
 7. The age gap between Stanislaus County and both the state and Bay Area counties has meant that there has been a consistently larger concentration locally of members of the labor force who are younger. This is important since employability is tied to age and work experience.
 8. The three recessions over the past two decades have been marked by slower rates of population and job growth, cutbacks in employment, and higher unemployment rates. These economic downturns have created short-term problems with longer term implications. In manufacturing, they have hastened automation and other efforts to improve labor productivity. The results have been fewer seasonal positions and slower growth rates for the industry generally. The population driven jobs have been particularly hit hard by economic and population slowdowns since the resident population has not had the disposable income to support employment positions based on consumer spending. The most far-reaching impacts have been in construction and the other industries tied to it.
 9. The knowledge based and specialized job growth that has occurred does not appear to have kept pace with the needs of increasing numbers of community college and university graduates. This gap has contributed to underemployment (which has had the effect of making those with fewer years of formal schooling less competitive for these jobs), unemployment for those unable to secure jobs locally (such as middle management positions), long distance commuting to work-sites in the Bay Area, and relocation.

It is within this context that employment growth, unemployment, and welfare-to-work policies and strategies need to be considered. Underlying these policy options are seven key principles, based on the data collected for this report, that might serve as yardsticks. First, and foremost, local efforts should be guided by the twin goals of increasing the employability of the resident population and creating employment opportunities for diverse groups. Second, both short-term and long-term strategies are required since

welfare-to-work is an immediate need while building a 21st economy for a 21st century workforce cannot be achieved overnight. Third, partnerships among local governments and between the public and private sectors are key since they connect those who deliver public services to each other and to those who create jobs. Fourth, policies should seek to increase the number of stakeholders committed to increased employability and job growth. Fifth, program targeting and community-building represent cost-effective ways of addressing the economic and social needs of the unemployed and dependent populations. Sixth, pre-employment and post-employment services should be accessible to the populations that need them most. Seventh, Stanislaus County officials should assess “best practices” in other areas and apply those with a likelihood of success locally.

A second observation contained in the introduction – that no single policy can be expected to reduce unemployment and assure success for welfare-to-work -- also provides a useful foundation for the policy options presented below. There are three corollaries that flow seamlessly from this straightforward statement of fact. The first of these is that no single level of government, local government jurisdiction, agency, or constituency should or can be responsible alone for producing successful outcomes. Everyone has a stake in working collaboratively and building partnerships because the consequences touch everyone in some way, as taxpayers, consumers, parents, employers, employees, community leaders, spiritual leaders, educators, and policy-makers. The second is that “one size does not fit all.” Not only are there significant differences between the unemployed and welfare recipients, there is diversity within these groups as well. The final corollary is that a principal goal of public policy is to help at-risk populations help themselves. Ultimately, it should address the institutional barriers that people face and provide them with the means and tools to tackle their personal barriers.

Policy Option: While job creation and workforce preparation individually are important, it is principally through the linkages between them that employability and the creation of employment opportunities can be most effectively pursued. Since human capital and jobs are the twin pillars of the local economy, it makes sense to tie workforce preparation needs to economic development goals. In fact, unless the two are coupled, it will be difficult to attract preferred industries and firms requiring special skills that are unavailable currently. *Strategic Directions* recommended coordinated workforce preparation as a vehicle for facilitating economic development. Since this has been attained through the Public Agency Council, it is time to move to the next step so that the County, the Stanislaus County Economic Development Corporation (SCEDCO), and other agencies can productively and predictably pursue avenues of job creation opportunity in the future. Organizationally, this can be achieved through carefully

targeted private sector membership on the Public Agency Council and the recently authorized Workforce Investment Board. It also can be accomplished through the Welfare Reform Steering Committee, a vital link in the welfare reform chain. Regardless of the organizational arrangements selected, workforce preparation and economic development goals and priorities need to be established and connected.

Policy Option: One of the key findings of this study is that employers, service providers, the unemployed, and welfare recipients agree that job training is a high priority need. Additionally, employers suggest that training is a good use of public and private funds that can be pursued through public-private training partnerships. The GAIN program, Private Industry Council training, and the training-related efforts of Modesto Junior College (including the Job Skills Academy), the Stanislaus County Department of Education, and other educational providers have enabled targeted constituencies to improve their employment prospects. The Literacy Network, Stanislaus Partners in Education (SPIE), United Way, and the Employment Development Department, among others, have productively pursued business-private sector collaboration, including training by local businesses. Given welfare-to-work mandates and the consensus that skills need to be upgraded, these efforts should be broadened to include a greater number of constituencies and a larger menu of strategies for providing off-site and on-site training. For higher educational institutions, these efforts would be facilitated if job-related education is recognized as an appropriate work activity under welfare reform. California State University, Stanislaus, MJC, and the County's school districts also could use extended education, adult education, and distance learning as vehicles for job training and mobility. Based on past practices, there are two forms of collaboration with the business community that would be productive. The first would be a planning effort that identifies and prioritizes the types of skills needed for employment. The second would be an implementation phase that applies the findings. In those businesses with strict work rules, both employers and employee organizations should be encouraged to consider creative alternatives for providing employment training opportunities for at-risk populations.

Policy Option: Attention should be given to targeted, planned, and coordinated economic development efforts that strategically diversify the local economic base. In pursuing this option, a principal goal should be diversification that is consistent with, and builds upon, the existing agricultural and food processing cluster. Not only are there sound non-economic reasons for the protection of agriculture and retention of manufacturing firms, the dollar and employment multiplier effects of the food processing cluster are so far-reaching and deeply embedded that any actions that jeopardize the

productivity of these industries would have serious implications for the basic health of the Stanislaus County economy. At the very least, it is important to note that these industries employ thousands of workers who have few, if any, employment options if their jobs are eliminated.

With this in mind, it is important to consider how Stanislaus County can and should be integrated into the fabric of the knowledge and information based economy (i.e., the new economy). There are solid grounds for pursuing a study that addresses what we do now and can do in the future. First, more highly skilled jobs linked to information and knowledge have been pathways for rising earnings and income levels in the state. They can serve as catalysts for increases locally as well. Second, these jobs offer a vehicle for addressing the needs of increasing numbers of college and university graduates in Stanislaus County. Through a study, the County also can explore ways it can respond to the opening of the new University of California campus. Third, many of the jobs created provide employment opportunities for less skilled workers. These have enabled Bay Area counties to broaden their job base and reduce the level of unemployment at the same time.

Another way in which the prospects for diversity can be explored is through industry cluster analysis. Both SCEDCO and Stanislaus County officials have been engaged in this effort, and both should be encouraged to continue. What stands out as a strong candidate for review is health services. This industry group has a more significant effect on the Stanislaus County economy than it does in San Joaquin and Merced. It has a higher concentration of employees and a greater share of total employee compensation. Additionally, it accounts for 7.5% of the dollar value of total production and 5.7% of the dollar value of all County exports of goods and services. Another candidate is leisure services, which represents a composite of local economic activities. *Strategic Directions* concluded that “amusement and recreation services” is an industry group “that deserves attention.” An analysis with broader scope is warranted. As cluster analyses proceed, they also should take into account the apparent clusters in transportation and auto related activities as well as construction and real estate. These were identified in *Strategic Directions* as well.

The Job Creation Task Force and the proposed job creation plan for Stanislaus County represent effective tools for coordinating expansion and retention efforts and targeting economic development needs. The findings and recommendations contained in this report, together with those in *Strategic Directions*, can be integrated into the plan.

Policy Option: Since small business creation has been an important factor in employment growth historically, it deserves continuing attention as a way to create both opportunity and jobs. Not only does it offer options for the currently unemployed and welfare recipients (see below), it also represents a means for productively channeling the assets, energies, and ideas of others in the Stanislaus County population. The establishment of microenterprises within minority communities, to cite just one example, would meet niche market needs. SCEDCO's Valley Sierra Small Business Development Center can provide technical assistance while the 504 and other loan programs can be used to encourage start-ups and local expansions.

Policy Option: All levels of education, in concert with employers and public agencies, need to be engaged in workforce preparation consistent with their respective missions. Partners can craft strategies to encourage regular school attendance (which is tied closely to student success), assure the timely completion of high school or its equivalent (the absence of which is a key employment barrier for both the unemployed and welfare recipients), and create incentives for enrollment in academic as well as vocational post-secondary institutions. Attention should be given to remediation efforts that help students improve their basic skills, a skills based secondary school curriculum that furnishes students with the tools to succeed in the job market, and experiential learning options that provide students with meaningful pre-employment experiences. Additionally, a county-wide school technology plan, particularly one that considers ways to place computers in the classrooms of economically disadvantaged students, should be considered. MJC and CSU Stanislaus are well-situated to provide life-long learning opportunities to current employees who decide to upgrade their skills and competencies. The two institutions also should be commended for their Dual Admissions Agreement, a tangible example of a creative partnership designed to increase college and university enrollment.

Policy Option: The data show that the same neighborhoods that contain concentrations of the unemployed also contain concentrations of TANF recipients and participants in PIC job training programs. Integrated pre-employment and post-employment training and counseling services can improve the employability, employment prospects, and job retention rates of these residents. This is particularly important to participants in the welfare-to-work program since they are considerably less likely to have a record of continuous employment. The one-stop work center maintained by the Department of Employment and Training, in cooperation with the Community Services Agency, Employment Development Department, and other agencies, is an activity consistent with this recommendation. Since both the unemployed and welfare recipients who

participated in the surveys identified lack of information about jobs as a barrier to employment, a public awareness program about the center may be helpful. Additionally, the low expectations of welfare recipients regarding wages suggest that family budget counseling might be integrated into the multi-stage screening and job assistance program offered by the Community Services Agency to new and transitioning TANF recipients.

Policy Option: Since transportation is considered a major barrier to employment, employment-related services and counseling should be targeted to those in need in the neighborhoods in which they reside. The existing community collaboratives provide a model for this initiative, as does the County's community policing program. The reliance on community organizations, as well as the delivery of services to these areas, can help revitalize neighborhoods, increase community pride, serve as a source of job creation, improve the self-esteem of residents, and increase employability. Schools need to be engaged in these efforts. The integration of self-help initiatives (such as the Harvest Bank and the multiple programs of United Way) into the community-based framework should be encouraged. Technical support, small business and other loans, and direct as well as in-kind assistance from the private sector should be readily available as well.

Policy Option: For participants in the TANF program, both child care and transportation represent formidable barriers to employment. The central dilemma faced by these individuals can be expressed in the following way: there are concentrations of recipients in certain areas, there are concentrations of jobs in certain areas, the concentrations do not match, and the public transportation system in place does not efficiently link recipients to jobs and child care facilities. The computer generated maps in the appendix of this report vividly illustrate the prevailing patterns. Given this state of affairs, there is a strong case to be made for actions focused on the targeted areas that address unmet transportation and child care needs. Among these are a reexamination of fixed bus routes, expanded dial-a-ride services, the purchase of vans by the Community Services Agency for van pools, the use of small business loans to encourage the establishment of transportation and child care microenterprises, and technical assistance to prospective entrepreneurs. The assessment also should take into account that there is a twenty-four hour economy, and that many entry-level jobs do not fit into the conventional workday and work week. Incentives for recipients (such as vouchers for transportation and child care) could be part of a broader "Get2Work" program administered by the Community Services Agency and coordinated with the Stanislaus County Department of Education and other agencies, jurisdictions, and local businesses.

Policy Option: Since more than 70% of all TANF recipients are children, it is important that they not become casualties of welfare-to-work. There is an on-going need for agencies in the public and private sectors to address the range of health, housing, educational, and safety issues facing children. When the Board of Supervisors established the Stanislaus County Child Care Planning Council, it set in motion a process for the development of a county-wide child care plan. Given the barriers revealed in *Critical Links*, there is a pressing need for such a plan. The annual conference on the Condition of Children, cosponsored by the Board and the County Superintendent of Schools, can serve as a forum for increasing awareness and facilitating collaboration. Many public, nonprofit, and business groups also can play key roles.

Policy Option: Since commuters have extended the range of the regional job market to the Bay Area, and since Bay Area counties have a tight labor market, it makes sense for Stanislaus County officials to target these areas for jobs for the unemployed and welfare-to-work participants. While there are logistical issues to be addressed (e.g., transportation and child care), the concept is viable. The presence of Stanislaus County in San Jose is a step in the right direction.

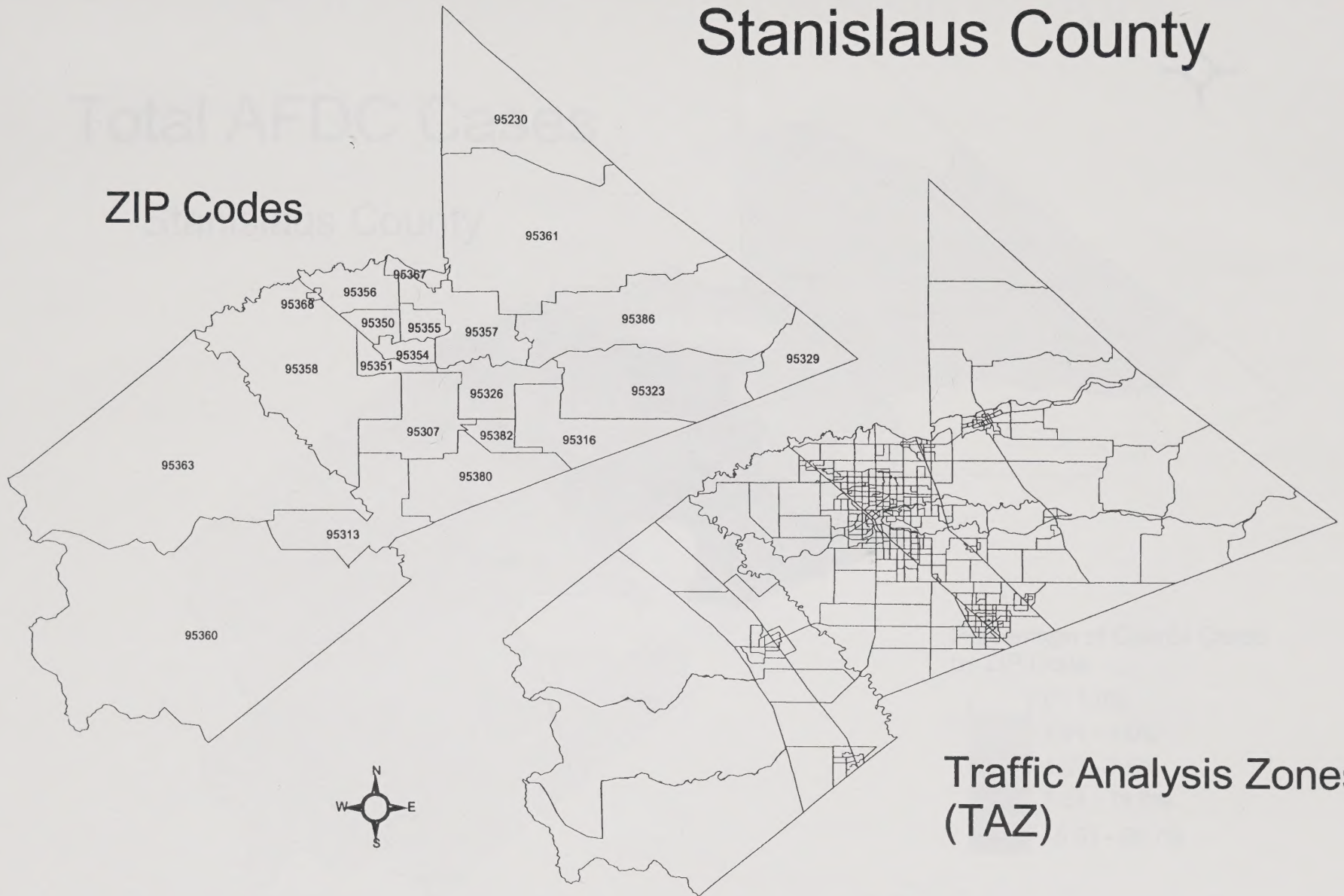
Policy Option: In December 1996, the Board of Supervisors hosted over 500 community leaders at a Community Summit. The meeting addressed a wide range of needs of at-risk populations. Another forum, which focuses on recent welfare reform initiatives and future needs, should be considered.

While it may be premature to apply the on-going visioning process to the public policy issues addressed in this report, it also is clear that visioning can be an indispensable tool for helping stakeholders gain a better understanding of all the critical linkages that give form and meaning to Stanislaus County's present and future. By offering pathways to collaboration, it can serve as a catalyst for transforming employment challenges into employment opportunities.

Developing an agenda and taking action will require imaginative ideas, bold actions, collaborative problem-solving, integrated service delivery, and targeted strategies. It also will necessitate moving out of the box of conventional thinking. The data show quite clearly that the blending of regional and community perspectives will facilitate Stanislaus County's efforts to improve employability and create employment opportunities. Likewise, these goals will be more easily achieved if all public and private communities of interest join the County in a concerted effort to address both the barriers to

Stanislaus County

ZIP Codes



Traffic Analysis Zones
(TAZ)

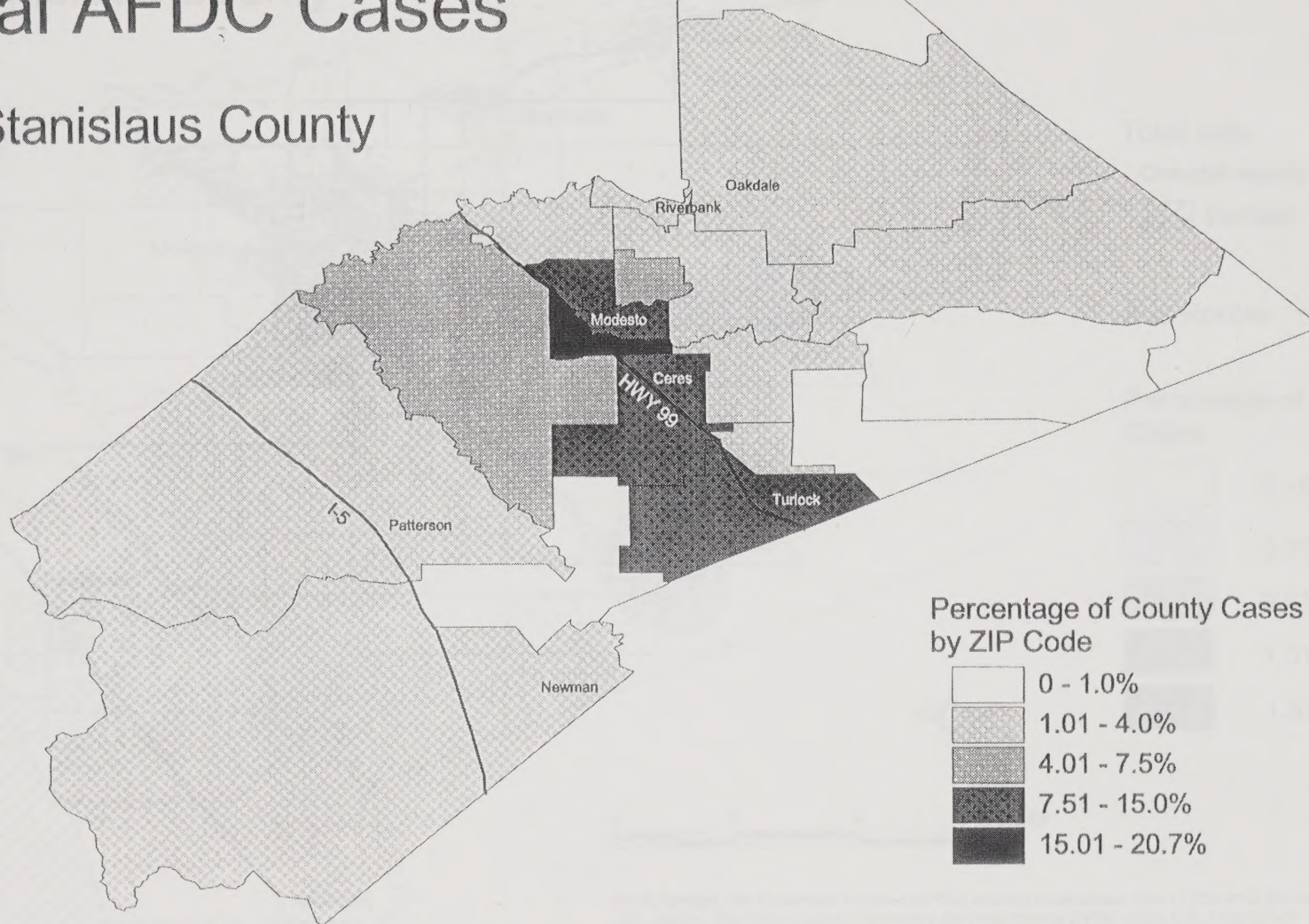
ZIP Code data source: Environmental Systems Research Institute.
TAZ data source: U.S. Department of Transportation.
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 7/98

5 0 5 10 Miles



Total AFDC Cases

Stanislaus County

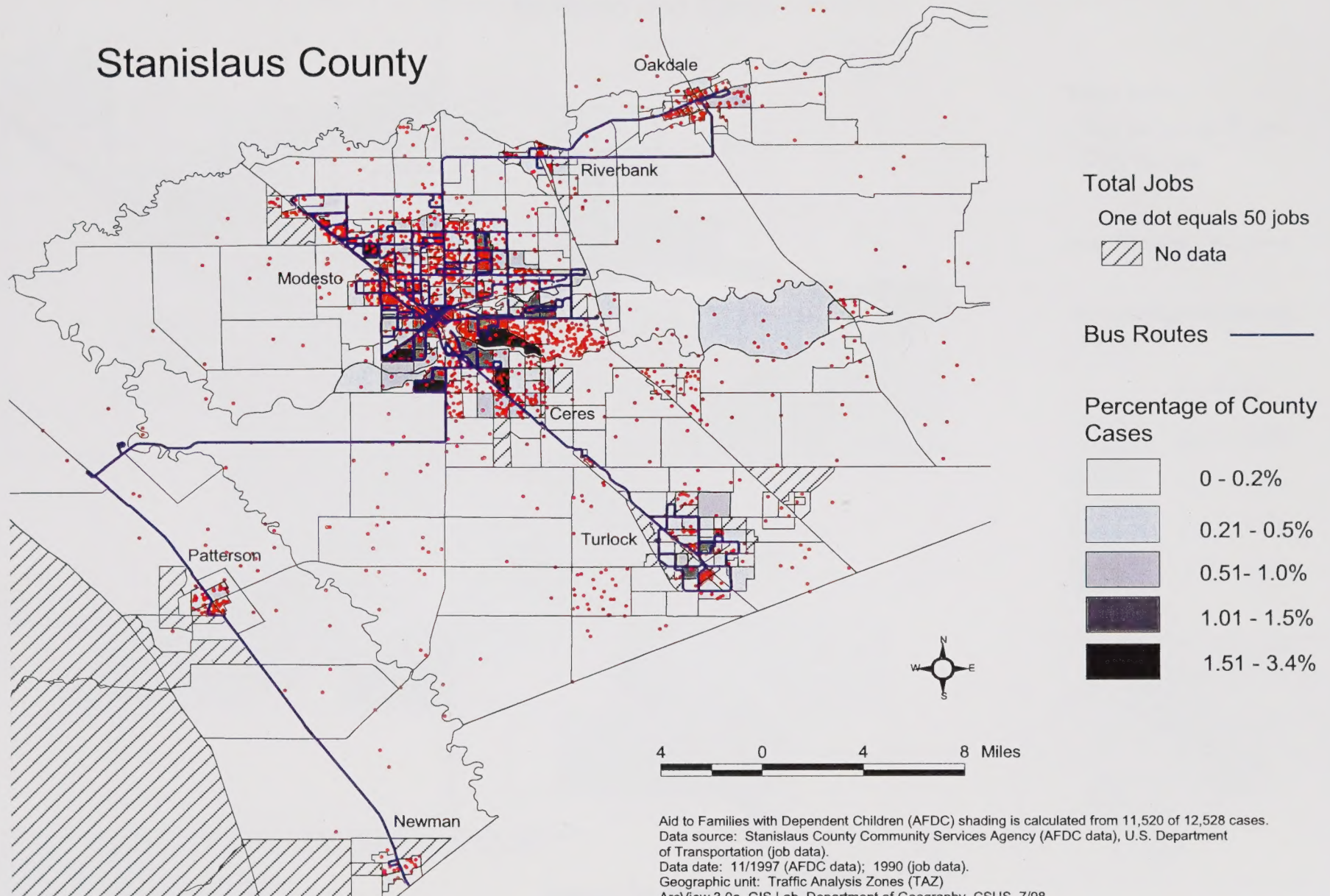


5 0 5 10 Miles

Data source: Stanislaus County Community Services Agency.
Data date: 12/1997.
Geographic unit: ZIP Codes
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 8/98

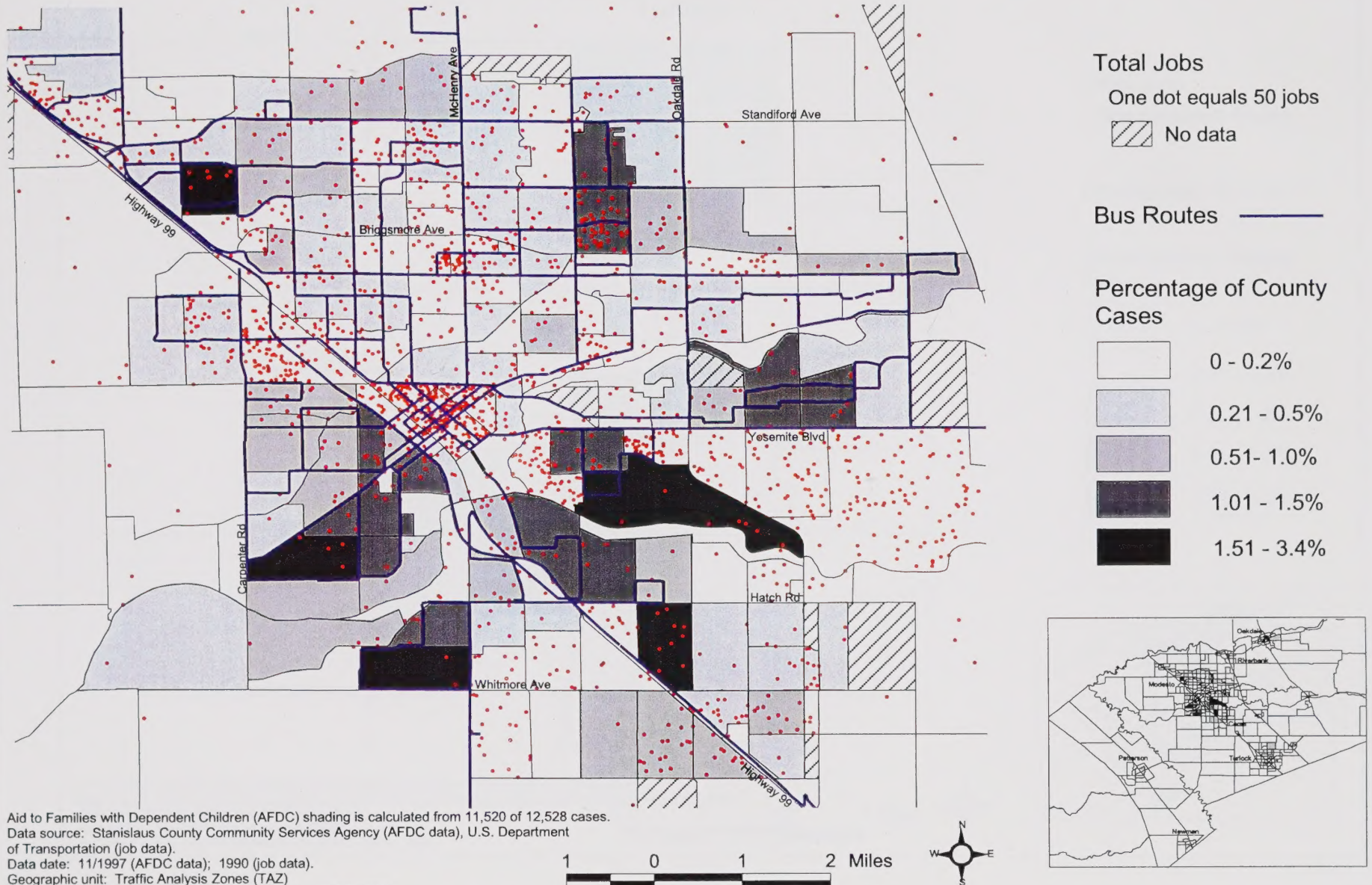
AFDC Cases and Location of Jobs

Stanislaus County

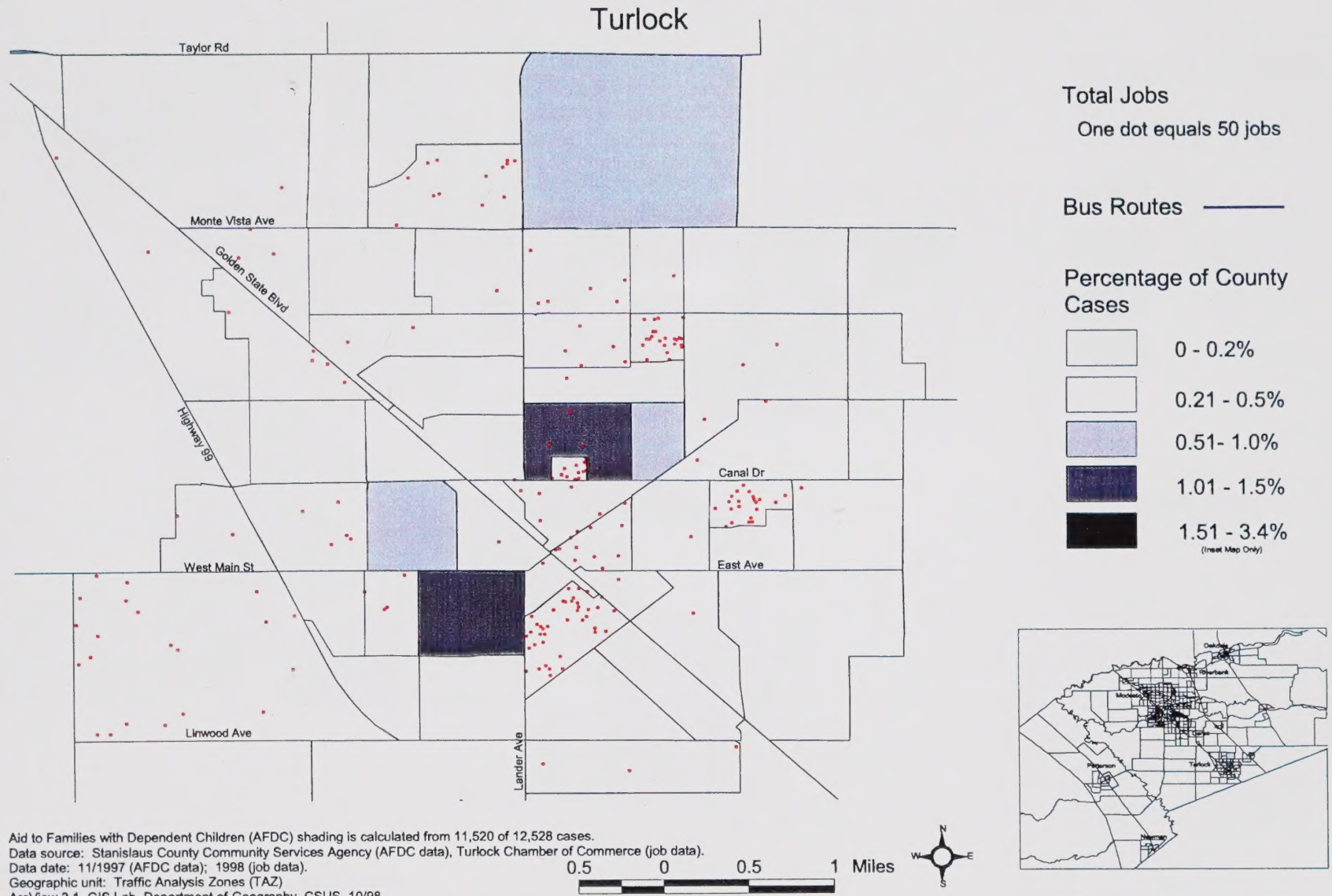


AFDC Cases and Location of Jobs

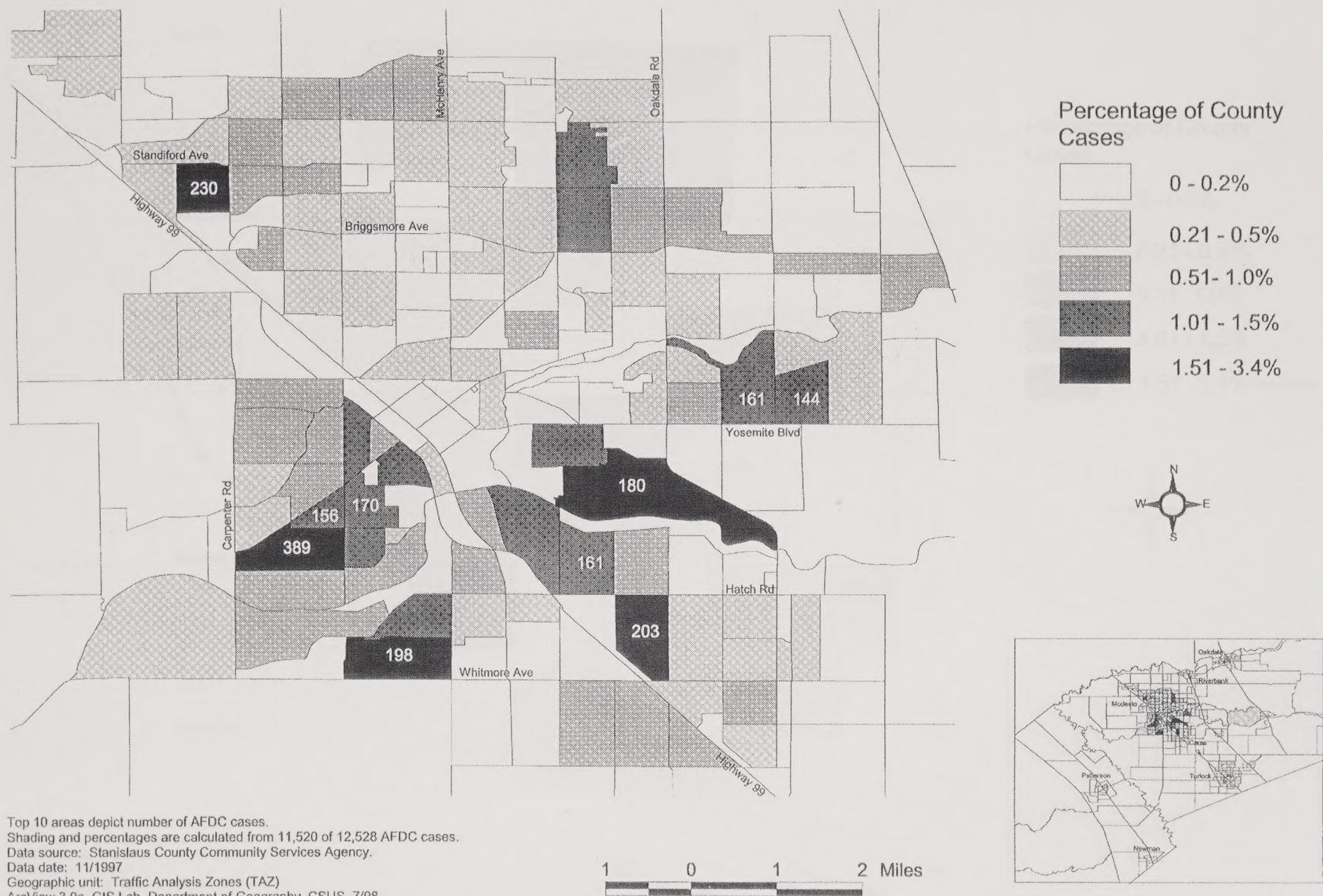
Modesto and Ceres



AFDC Cases and Location of Jobs



Modesto - Ceres' AFDC Cases



Top 10 areas depict number of AFDC cases.

Shading and percentages are calculated from 11,520 of 12,528 AFDC cases.

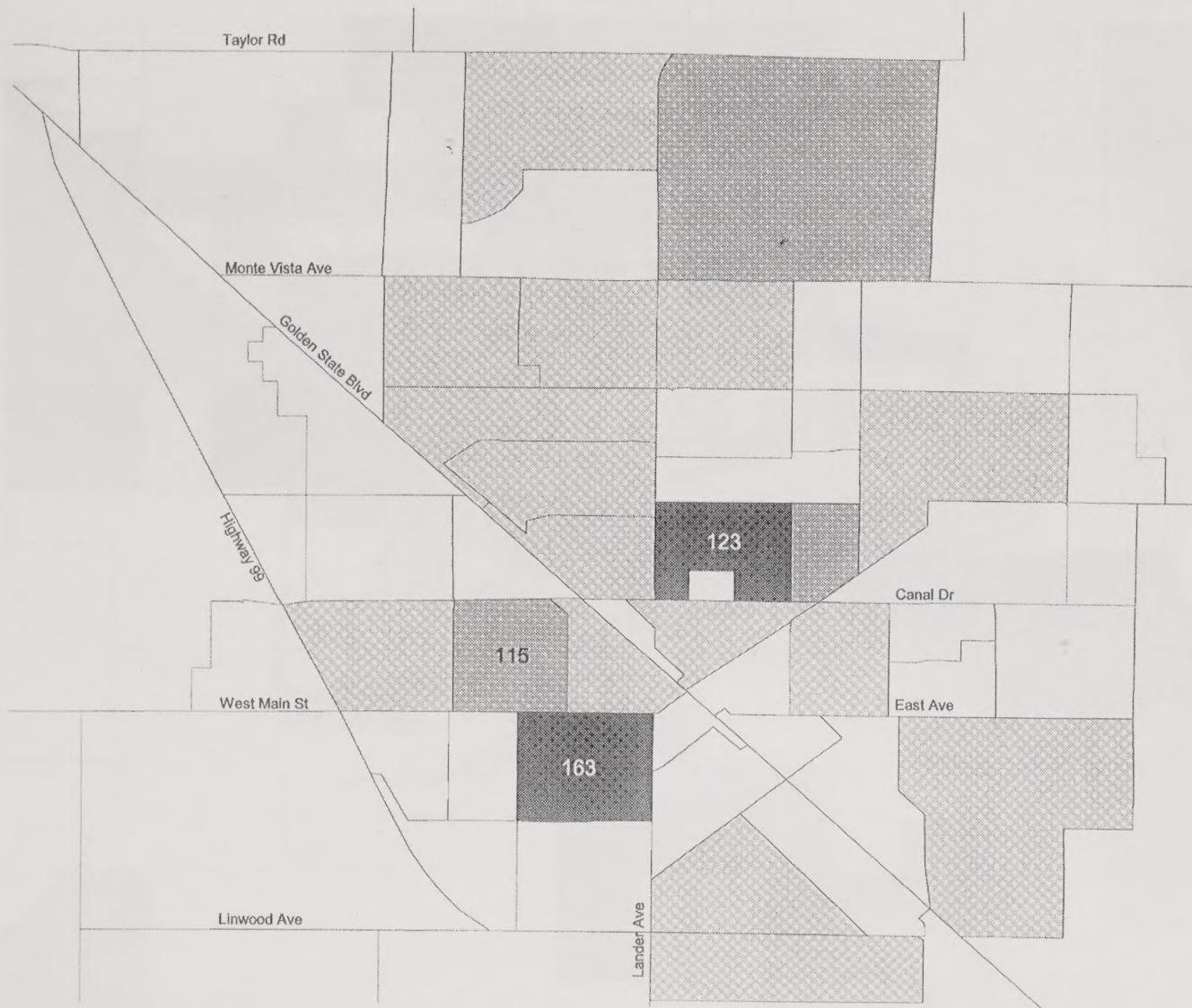
Data source: Stanislaus County Community Services Agency.

Data date: 11/1997

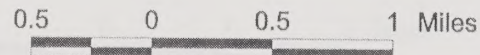
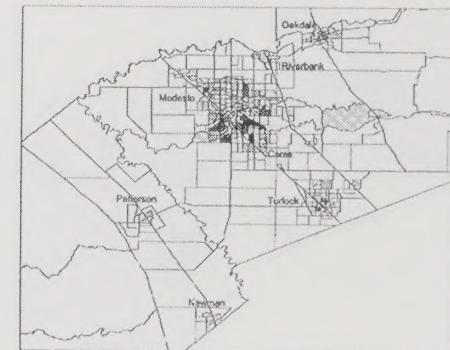
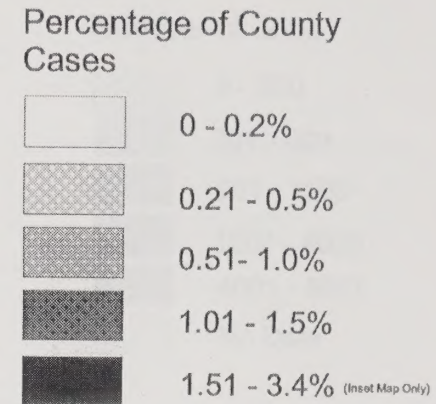
Geographic unit: Traffic Analysis Zones (TAZ)

ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 7/98

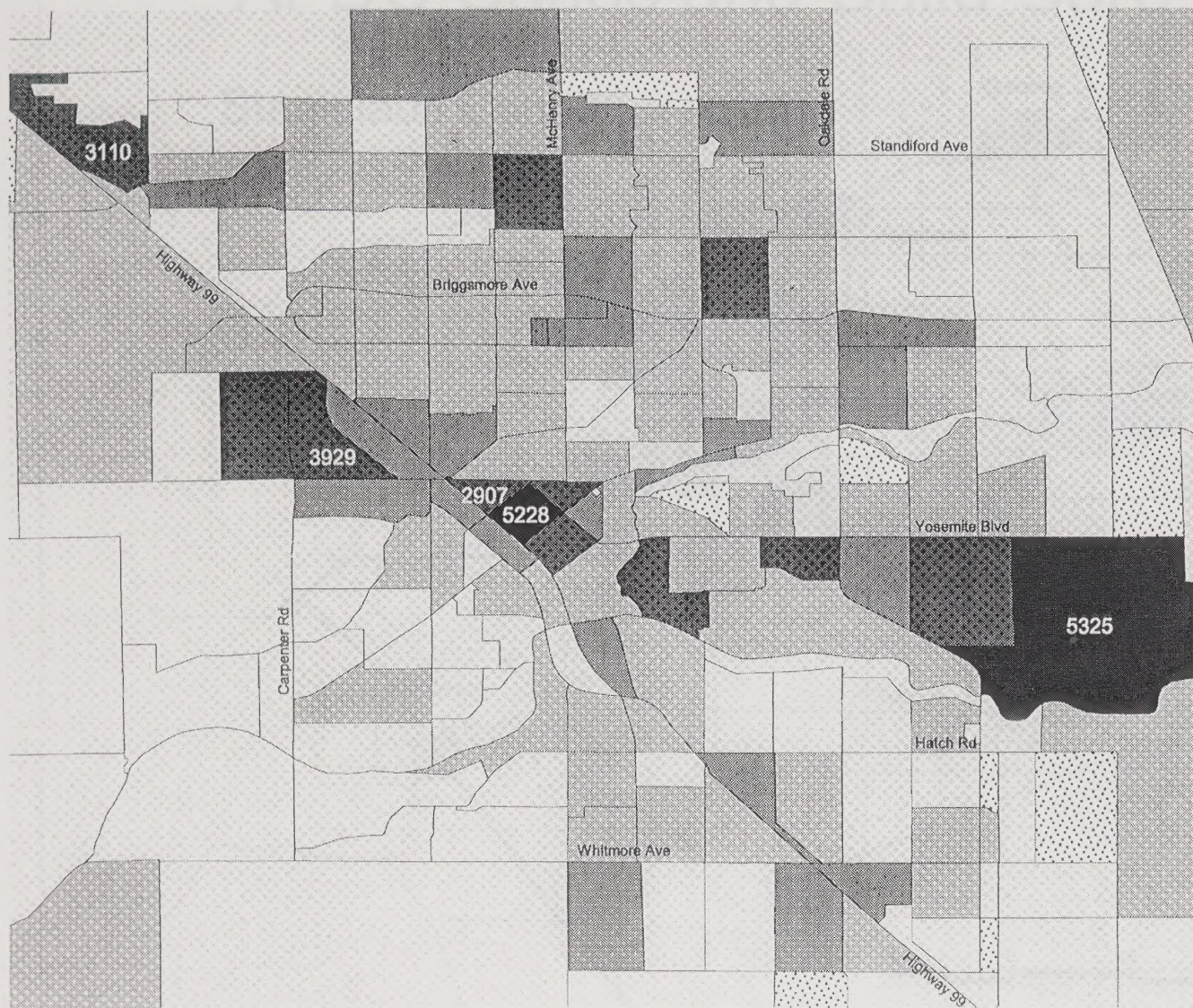
Turlock's AFDC Cases



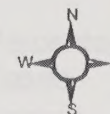
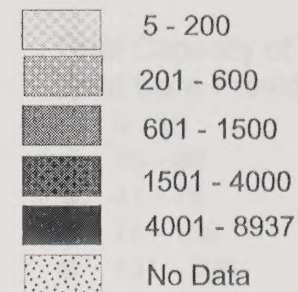
Top 3 areas depict number of AFDC cases.
Shading and percentages are calculated from 11,520 of 12,528 AFDC cases.
Data source: Stanislaus County Community Services Agency.
Data date: 11/1997
Geographic unit: Traffic Analysis Zones (TAZ)
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 7/98



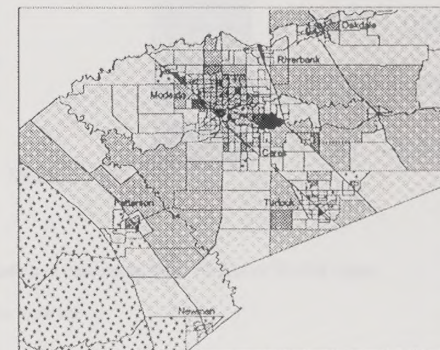
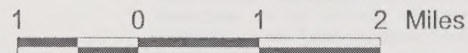
Location of Jobs in Modesto-Ceres



Number of Jobs

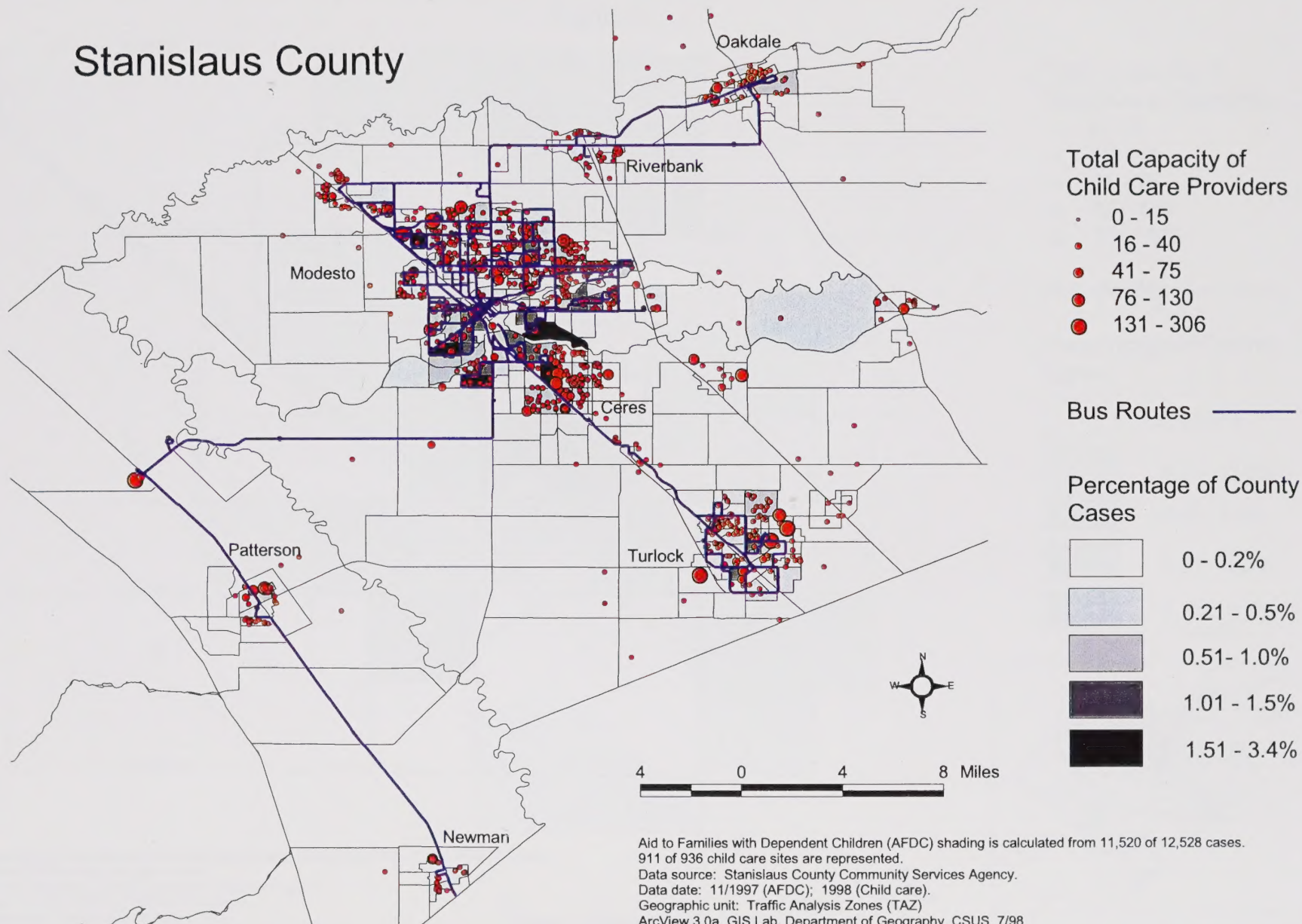


Selected areas depict number of jobs.
 Data source: U.S. Department of Transportation, Bureau of Transportation Statistics.
 Data date: 1990
 Geographic unit: Traffic Analysis Zones (TAZ)
 ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 7/98

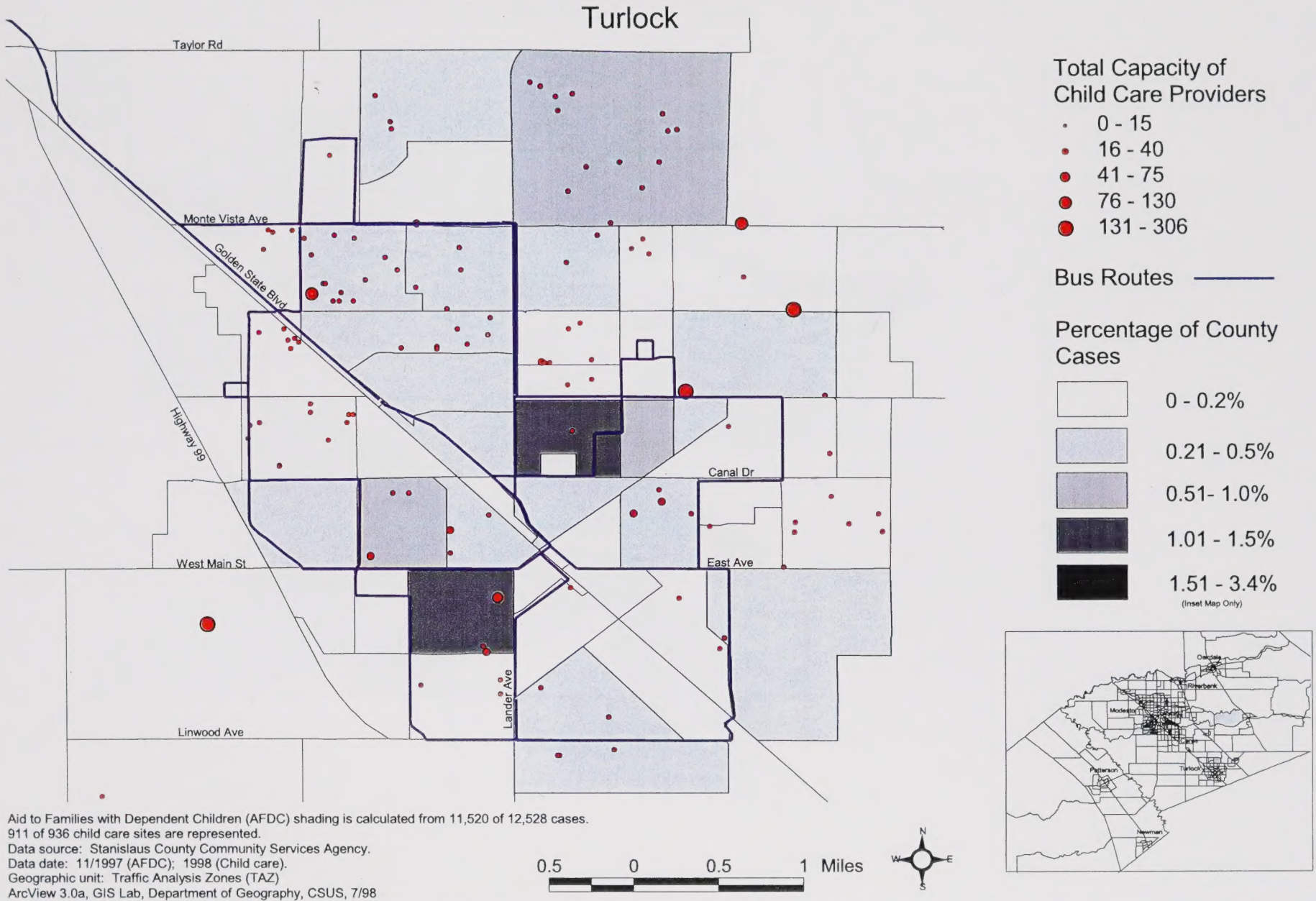


AFDC Cases and Child Care Providers

Stanislaus County

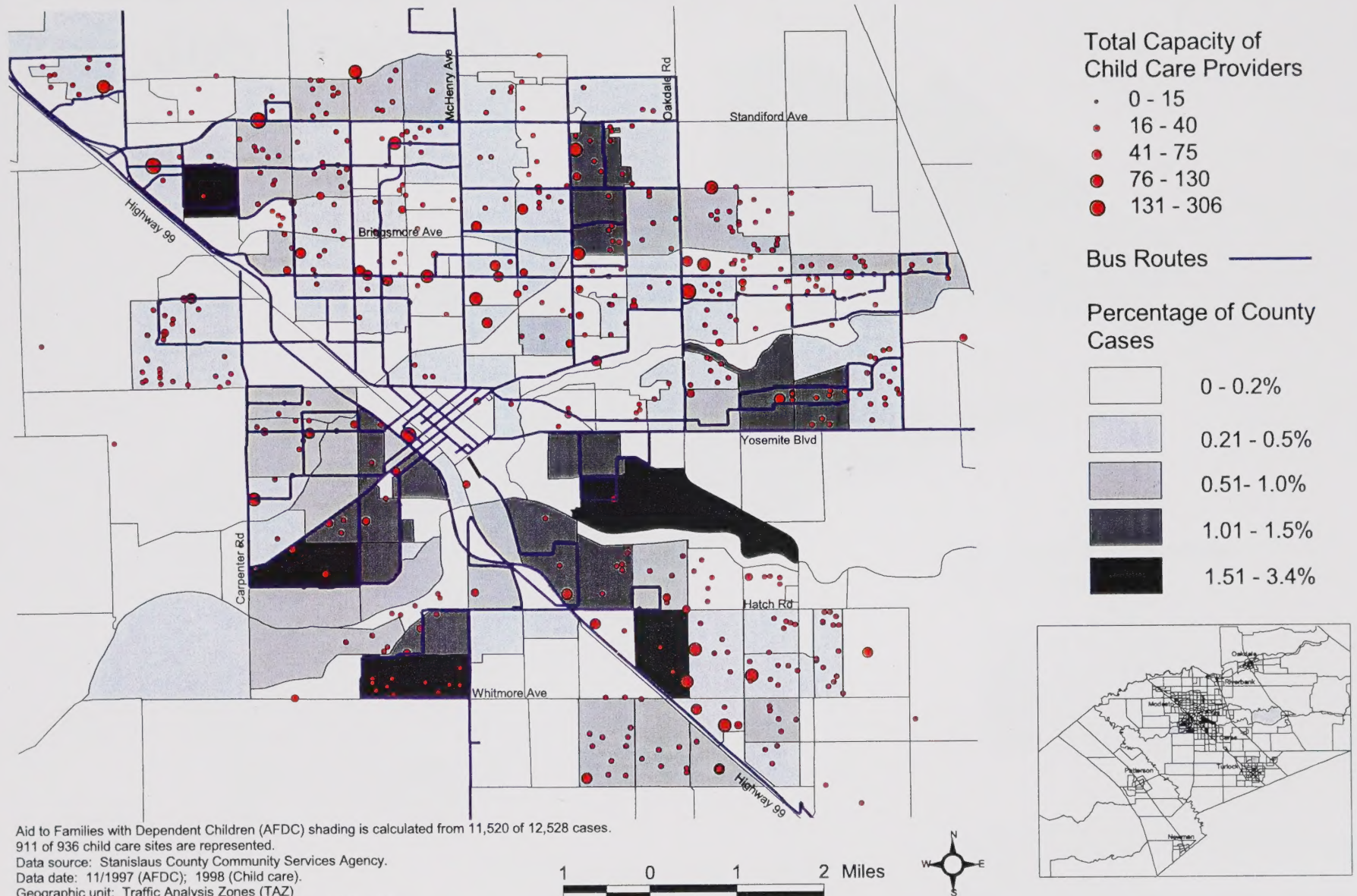


AFDC Cases and Child Care Providers



AFDC Cases and Child Care Providers

Modesto and Ceres



Aid to Families with Dependent Children (AFDC) shading is calculated from 11,520 of 12,528 cases.

911 of 936 child care sites are represented.

Data source: Stanislaus County Community Services Agency.

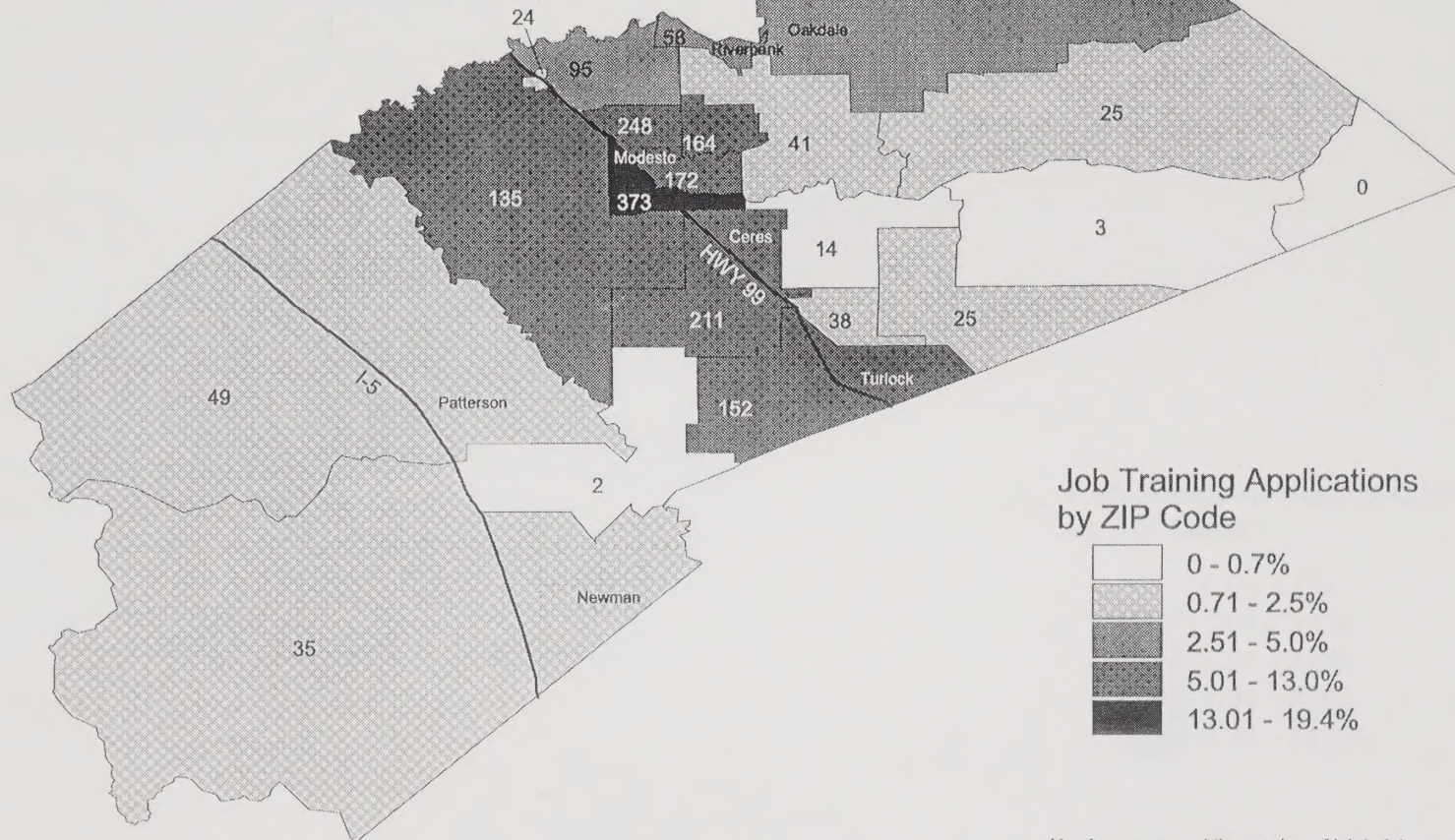
Data date: 11/1997 (AFDC); 1998 (Child care).

Geographic unit: Traffic Analysis Zones (TAZ)

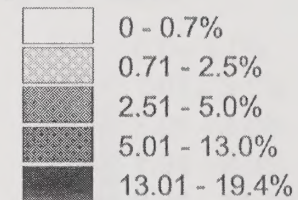
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 7/98

Private Industry Council Job Training

Stanislaus County



Job Training Applications by ZIP Code

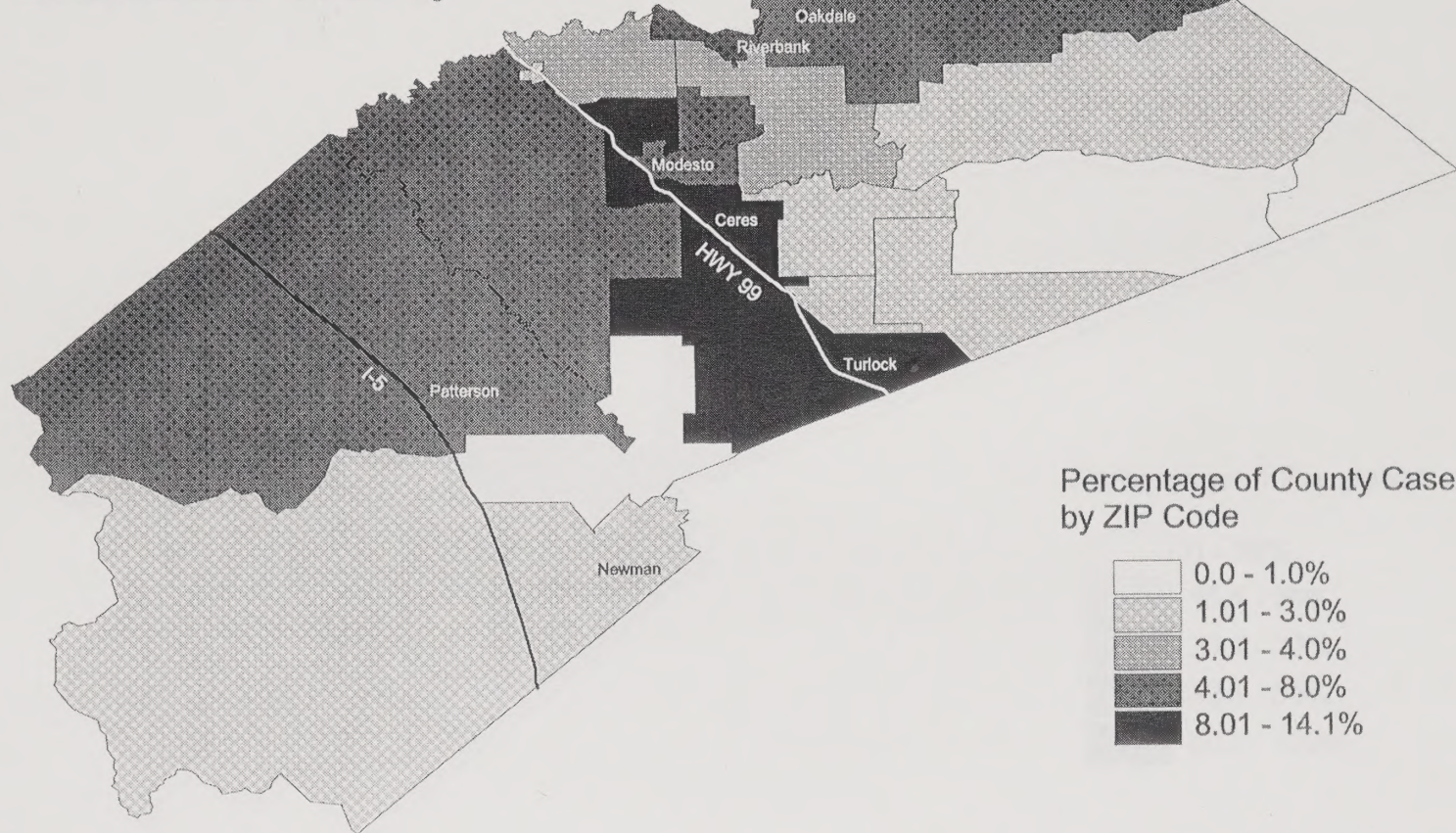


5 0 5 10 Miles

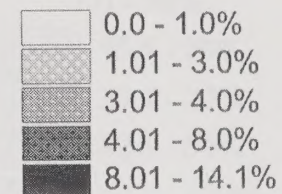
Numbers represent the number of job training applicants.
Data source: Stanislaus County Private Industry Council (PIC).
Data date: 1997.
Geographic unit: ZIP Codes
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 7/98

Reported Unemployment Insurance Applicants

Stanislaus County



Percentage of County Cases
by ZIP Code

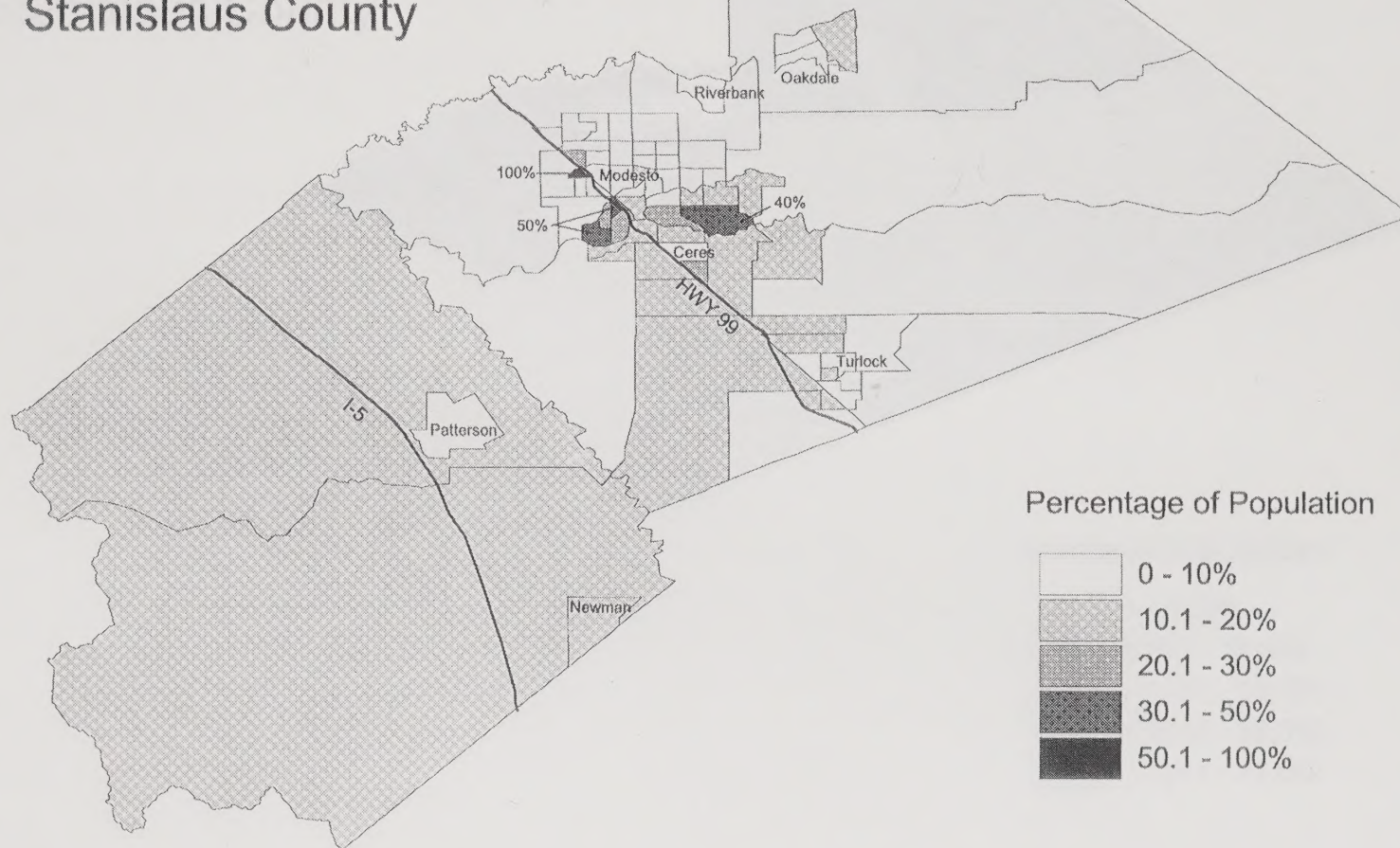


5 0 5 10 Miles

Data source: Stanislaus County Employment Development Department.
Data date: 1997.
Geographic unit: ZIP Codes
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 8/98

Population Below Poverty Level, 1989

Stanislaus County

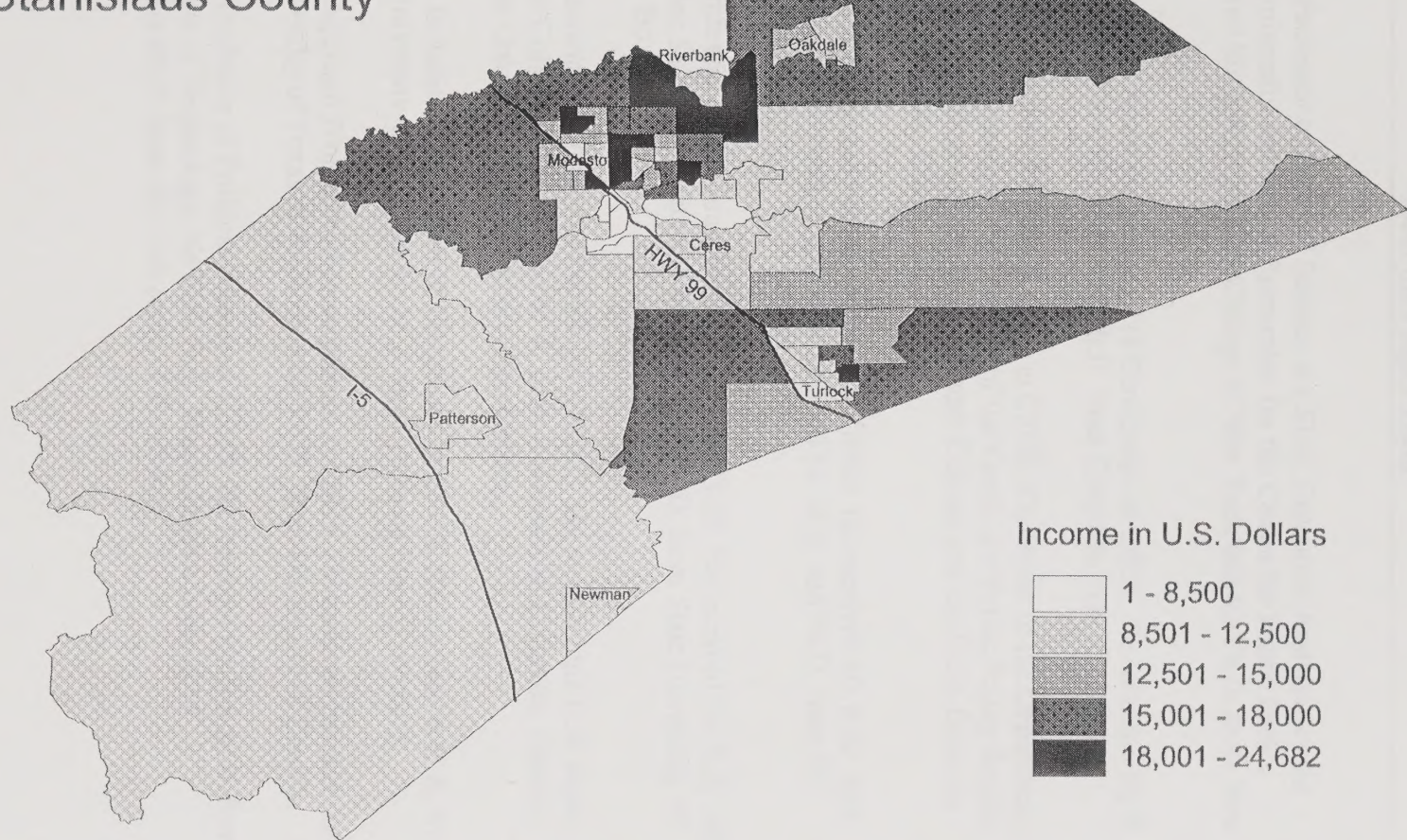


5 0 5 10 Miles

Data source: U.S. Bureau of the Census, Summary tape file 3A
Data date: 1990.
Geographic unit: Census Tracts
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 8/98

Per Capita Income, 1989

Stanislaus County



5 0 5 10 Miles

Data source: U.S. Bureau of the Census, Summary tape file 3A.
Data date: 1990.
Geographic unit: Census Tracts
ArcView 3.0a, GIS Lab, Department of Geography, CSUS, 8/98

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